BUY

National Stock Exchange

The gateway to Indian capital markets

BFSI - Capital Markets ▸ Initiating Coverage ▸ **September 24, 2026**

CMP (Rs): 1,785 | TP (Rs): 2,050

We initiate coverage on NSE with BUY and SEP-27E TP of Rs2,050 (~15% upside), implying Sep-28E PER of 38x. Our positive view on NSE is underpinned by three factors: 1) India's capital market development and growth story has a long runway as wealth creation and financialization gain momentum in India's journey of per capita GDP from ~$3k to ~$10k over coming decades; 2) NSE has demonstrated its resilient leadership position over decades across the business segments of capital markets, and the business model has enough levers to adjust amid changing regulatory and macroeconomic landscapes and deliver profitable growth; 3) strong profitability and cash generation by MIIs, such as stock exchanges, enable them to globally command higher valuation multiples versus other capital market players that are more fragmented and susceptible to competition. We forecast NSE to deliver ~13% EPS CAGR over FY27-29E, on the back of strong ~19% CAGR over FY22-26 as regulatory changes drive consolidation in market activities. Given its strong brand, dominant leadership position, profitability, and cash generation, we see a strong case for NSE shares to be part of every India-focused equity portfolio.

Leading liquidity flywheel secures leadership

NSE commands uncontested leadership across cash and derivatives, driven by a self-reinforcing liquidity flywheel. In the cash segment, NSE holds ~93% market share while retaining near-monopoly in the equity futures and stock options segment. While BSE has captured market share following its derivatives relaunch, we believe index options are transitioning to a phase of stabilization following several regulatory rejigs. Supported by secular domestic financialization and under-penetration, NSE possesses a multi-year structural runway, as rising household savings, record SIP flows, and capital formation continue to compound.

Enough levers in business model to drive profitable growth

Market volatility, regulatory evolution, and technological disruptions are part and parcel of this business. NSE, over decades, has demonstrated that its profitable growth journey can withstand all of these, as its business model is built to operate amid these factors by leveraging its network effect and diversifying revenue streams. Despite concerns over derivatives turnover, Indian (and NSE) derivatives' turnover growth in recent years has been similar to that of the US. In the global context, NSE's non-transaction revenues are relatively smaller; hence, in a scenario of moderation in transaction volumes, non-transaction revenue growth, along with tweaking in transaction charges, can support profitable growth.

We initiate coverage on NSE with BUY and Sep-27E TP of Rs2,050

NSE has delivered ~24%/26% revenue/PAT CAGR over FY21-26, driven by strong growth in the derivatives segment. We expect NSE to clock ~12% revenue CAGR over FY27-29E, translating to ~13% EBITDA and PAT CAGR. As India's premier market infra institution, NSE commands a leadership position in the structural financialization of savings. We initiate coverage with BUY and Sep-27E TP of Rs2,050, implying Sep-28E PER of 38x.

National Stock Exchange: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	171,407	166,013	174,740	196,197	220,633
EBITDA	128,810	112,249	131,341	147,743	166,484
Adj. PAT	116,057	101,795	110,821	125,119	141,286
Adj. EPS (Rs)	49.2	41.1	44.8	50.6	57.1
EBITDA margin (%)	75.1	67.6	75.2	75.3	75.5
EBITDA growth (%)	10.9	(12.9)	17.0	12.5	12.7
Adj. EPS growth (%)	46.7	(16.5)	8.9	12.9	12.9
RoE (%)	42.7	32.6	32.5	32.8	33.0
RoCE (%)	52.9	40.7	43.2	43.5	43.8
P/E (x)	36.2	42.9	39.9	35.3	31.3
EV/EBITDA (x)	32.2	35.1	30.3	26.7	23.4
P/B (x)	14.6	13.8	12.3	10.9	9.7
FCFF yield (%)	0.7	5.6	1.2	3.5	4.0

Source: Company, Emkay Research

Target Price – 12M	Sep-27
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	14.8

Stock Data	**NSE IN**
52-week High (Rs)	0
52-week Low (Rs)	0
Shares outstanding (mn)	2,475.0
Market-cap (Rs bn)	4,418
Market-cap (USD mn)	46,213
Net-debt, FY27E (Rs mn)	(435,177.6)
ADTV-3M (mn shares)	0.0
ADTV-3M (Rs mn)	0.0
ADTV-3M (USD mn)	0.0
Free float (%)	24.8
Nifty-50	23,446.8
INR/USD	95.6

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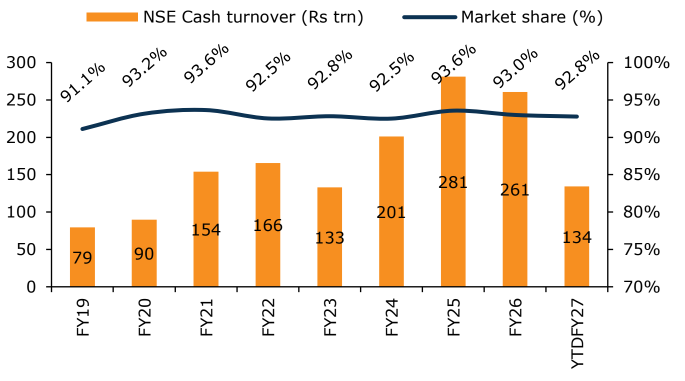
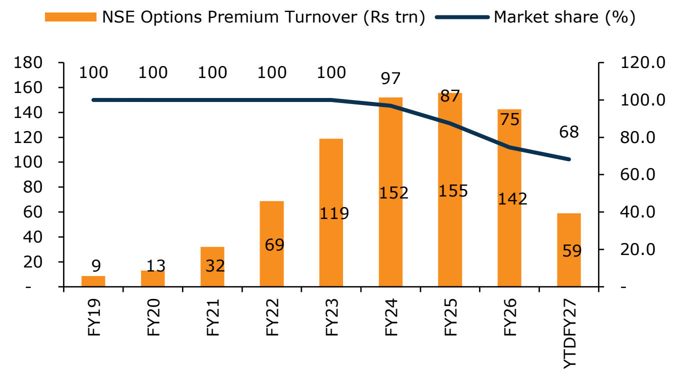


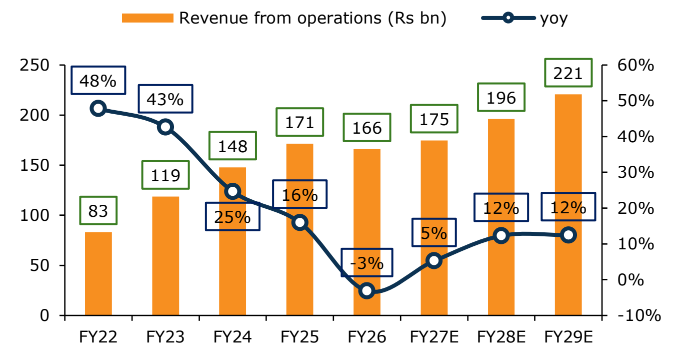
Source: Company, Emkay Research; Note: YTDFY27 up to Aug-26

Exhibit 2: NSE's options premium turnover market share has reduced to ~68% in YTDFY27



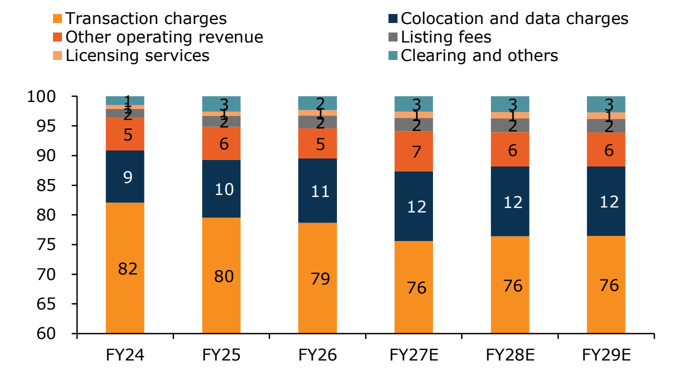
Source: Company, Emkay Research Note: YTDFY27 up to Aug-26

Exhibit 3: We expect ~11% revenue CAGR over FY26-29E



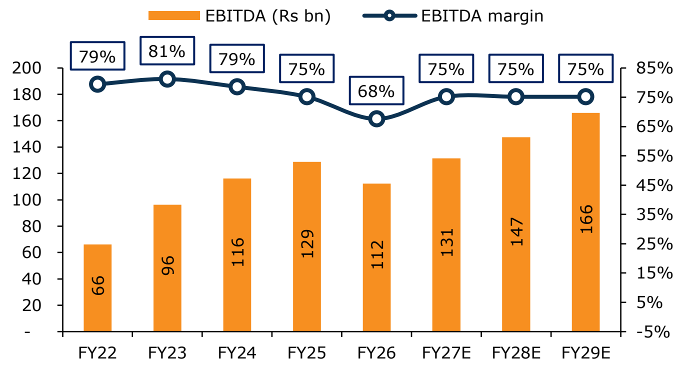
Source: Company, Emkay Research

Exhibit 4: Transaction charges dominate the revenue mix, while diversification to other revenue streams continues



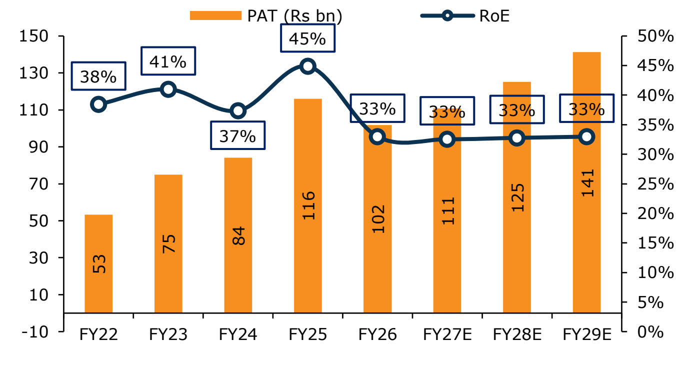
Source: Company, Emkay Research

Exhibit 5: EBITDA margin expected to trend in the ~75% range



Source: Company, Emkay Research

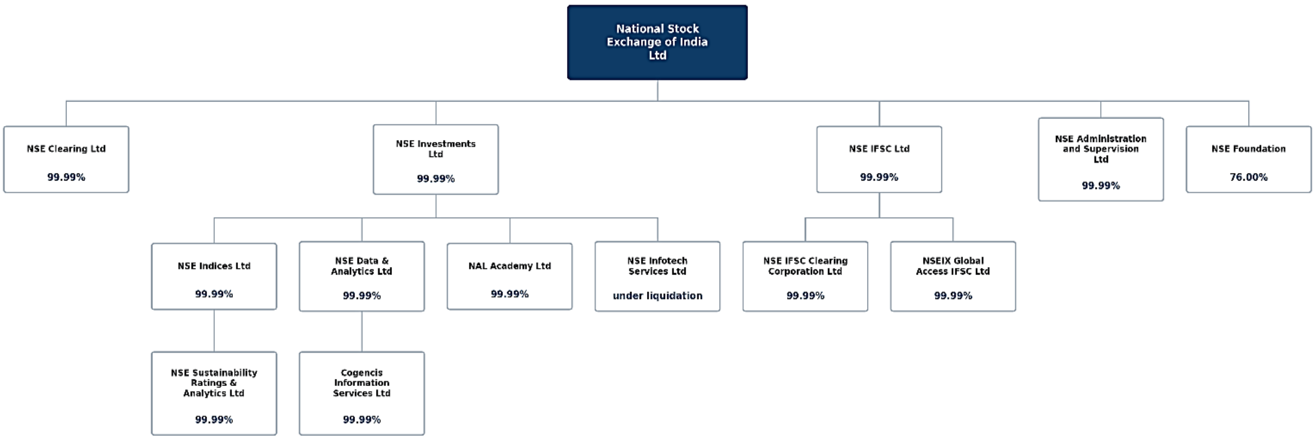
Exhibit 6: PAT expected to grow to Rs141bn; ROE to be broadly stable



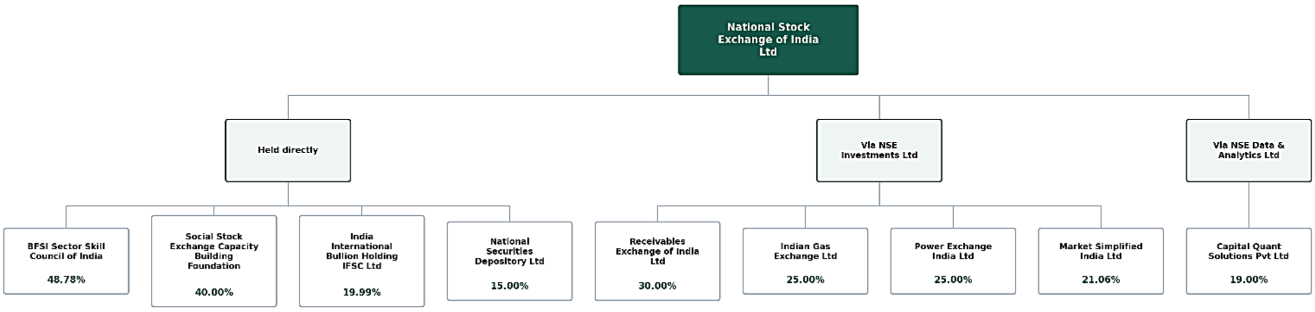
Source: Company, Emkay Research

Exhibit 7: NSE – Corporate structure

NSE — Subsidiaries

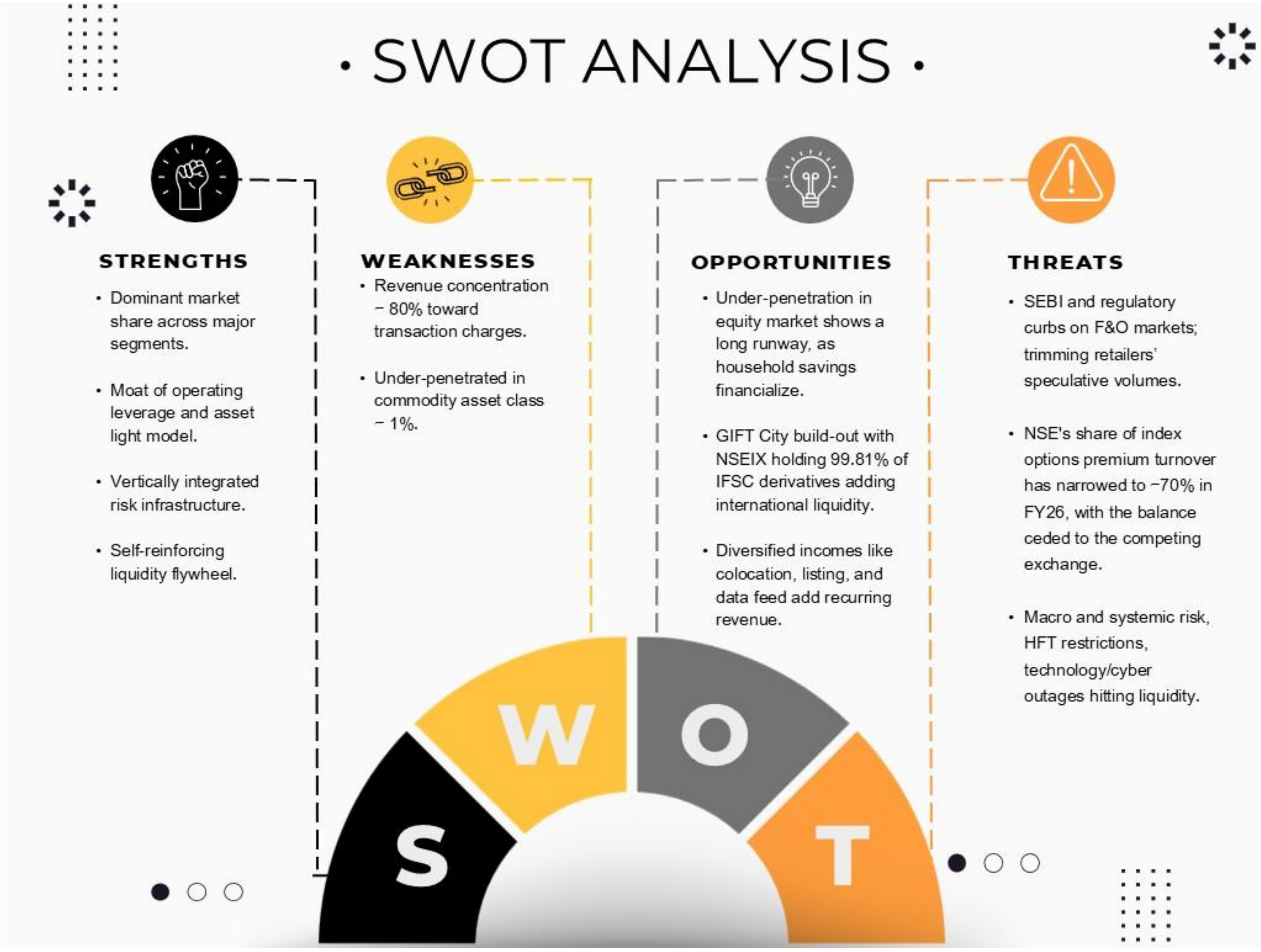


NSE — Associates



Source: Company, Emkay Research

Exhibit 8: NSE – SWOT Analysis



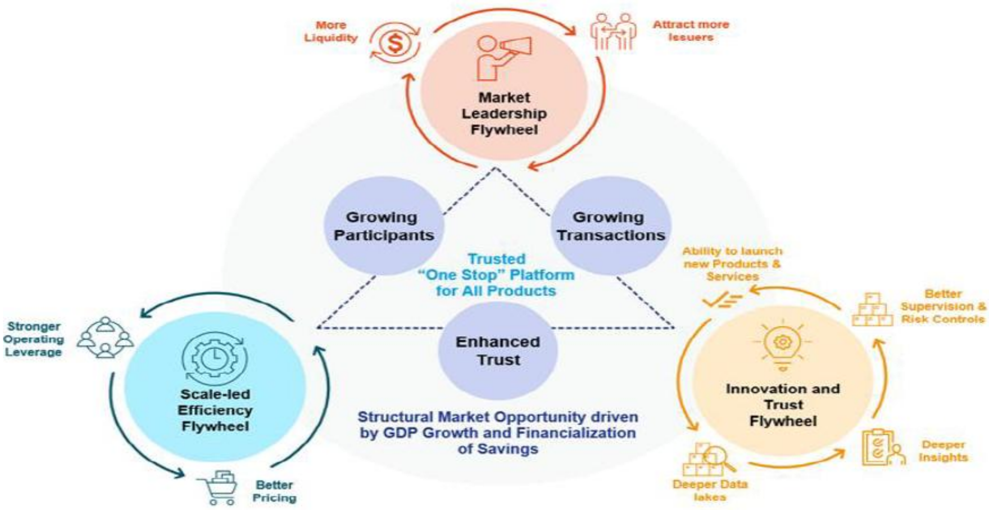
Source: Company, Emkay Research

Investment thesis

Market leadership across categories led by a deep liquidity pool

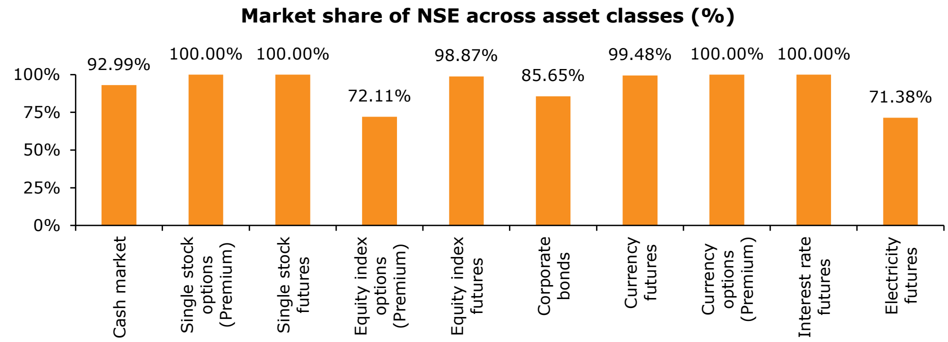
NSE's commanding market position is anchored by a self-reinforcing liquidity flywheel – a classic network effect where liquidity organically begets liquidity. Driven by an early pioneer advantage in ultra-low latency technology, robust clearing mechanisms, and the omnipresence of the Nifty benchmark, the exchange has cultivated an ecosystem of retail, proprietary, and institutional participants that cannot be easily replicated. This high participant density translates to thin bid-ask spreads, minimal price impact for block trades, and superior price discovery. Consequently, this deep liquidity pool creates an impenetrable economic moat that locks out structural competition and cements NSE's status as India's premier capital markets venue.

Exhibit 9: Liquidity, scale, and innovation reinforce NSE's market leadership



Source: Company, Emkay Research

Exhibit 10: NSE has maintained market leadership across segments

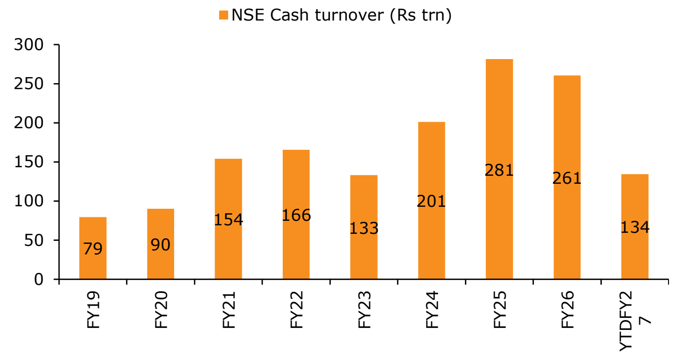


Source: NSE DRHP, Emkay Research; Note: As of FY26

Dominance in the equity cash segment

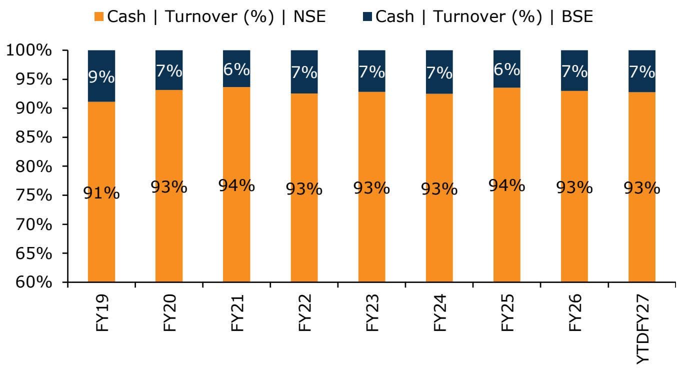
NSE maintains a near-monopoly in the equity cash segment, commanding ~93% market share by turnover and positioning itself as a global trade execution powerhouse with ~8bn cash equity trades processed annually, surpassing premier international venues including NASDAQ and the NYSE. This dominance is underpinned by NSE's listing ecosystem, hosting nearly 3,000 listed companies with a total combined market cap of Rs411trn. In the cash segment, the exchange's sophisticated algorithmic trading support, institutional co-location facilities, and robust risk management framework ensure seamless settlement. This operational resilience has made it the default execution venue for FPIs and domestic mutual funds. Supported by a broad domestic retail participation base (~33% of cash turnover) and record institutional cash inflows, NSE's cash segment remains a highly defensive, structural cash-flow engine.

Exhibit 11: NSE's cash market turnover has grown ~3x over FY19-26



Source: Company, Emkay Research

Exhibit 12: NSE maintains near-monopoly in the cash segment



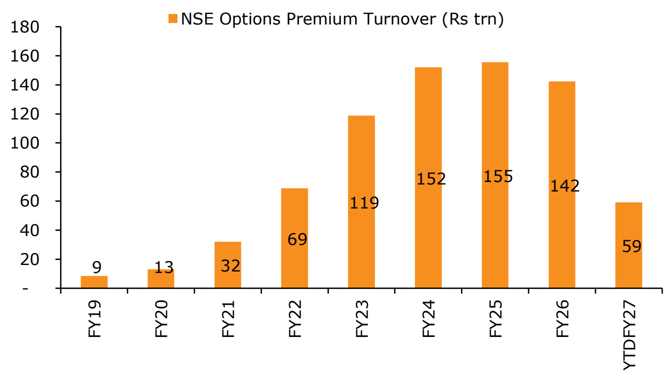
Source: Company, Emkay Research

Market leadership in the derivatives segment and options stabilization

In the derivatives segment, NSE has reinforced its global leadership as the world's largest derivatives exchange by contract volume, maintaining near-total monopolies in the equity futures (~99.8% market share) and stock options (~100% market share) segment. While the re-launch of equity index derivative contracts enabled BSE to successfully gain market share in the hyper-active index options segment over recent years, we expect the market share to transition into a phase of stabilization for NSE. SEBI's comprehensive regulatory recalibration, specifically restricting each exchange to a single weekly expiry benchmark index, aligning weekly expiry days (NSE transitioning to Tuesdays in Sep-25), and raising contract lot sizes, has led to a moderation in the industry's index options volumes. Additionally, the impact of the increase in STT and revised norms by RBI on capital market exposures are likely to have hurt trading volumes in index options.

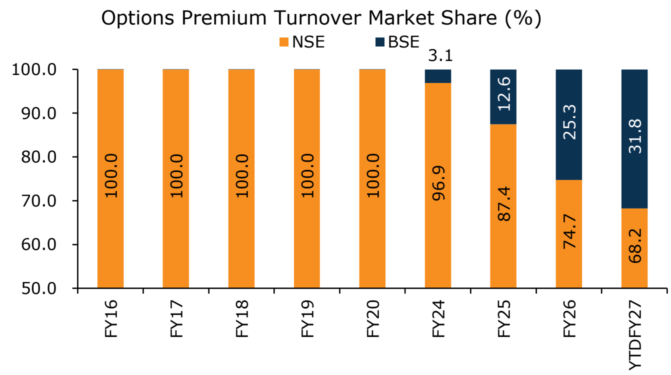
Going forward, we expect NSE's market share in the options segment to stabilize given the overhauled regulatory landscape. In a leveled regulatory environment, market participants inevitably default to the venue offering the lowest execution slippage and deepest order books, reinforcing NSE's structural moat and capping further market share attrition.

Exhibit 13: NSE's options premium turnover saw ~49% CAGR over FY19-26



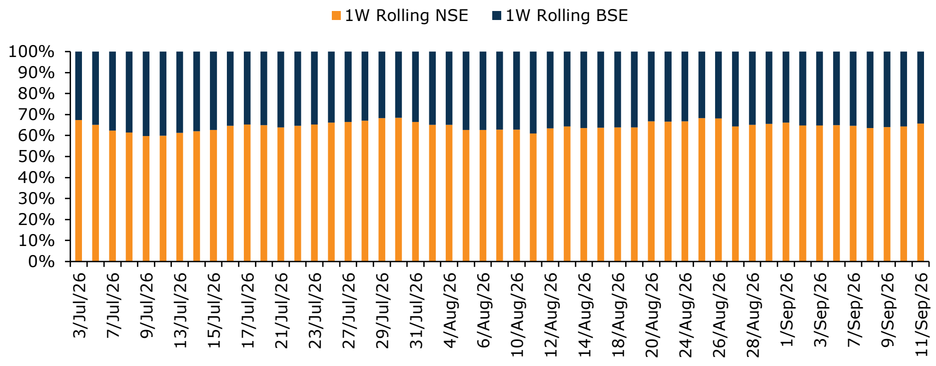
Source: Company, Emkay Research

Exhibit 14: NSE has witnessed market share erosion after BSE's launch of index options



Source: Company, Emkay Research

Exhibit 15: 1W rolling market share of average index option premium

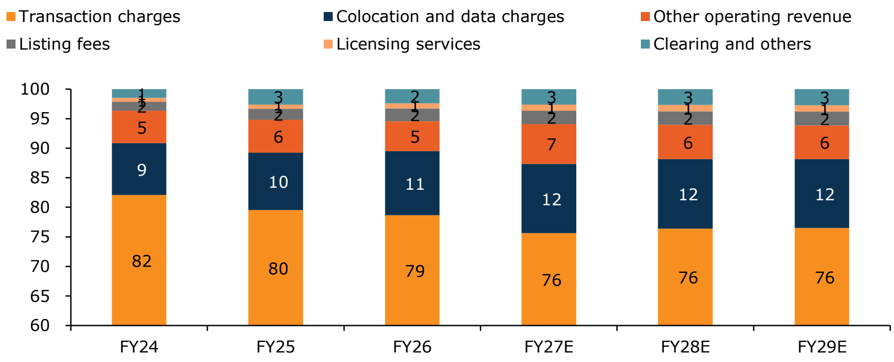


Source: NSE, BSE, Emkay Research

Revenue diversification and product innovation remain key focus areas

Currently, NSE's revenue is concentrated in trading volume transaction charges contributing ~79% to revenue, which is primarily driven by equity options. In stark contrast, mature global market operators such as LSEG and Nasdaq have transitioned their business models to generate substantial portion of their revenue from non-transaction-based sources. NSE's non-volume linked annuity cash flows spanning data connectivity, colocation rack rentals, real-time data feeds, index licensing IP, and issuer listing services account for just 21% of the revenue pie. This stark divergence highlights a massive monetization opportunity. Concurrently, the exchange is leveraging its asset-light, ultra-low latency technology stack to structure and formalize large, unorganized physical commodity sectors including electricity, gold, etc. As NSE scales its proprietary data feeds, co-location infrastructure, and the high-margin index business (NSE Indices) to align with global industry standards, this shift will structurally reduce earnings volatility tied to broader market cycles.

Exhibit 16: While transaction charges form a significant portion of NSE's revenue pie, colocation, data, and listing services are new avenues of diversification



Source: Company, Emkay Research

The regulatory overhang is now settled

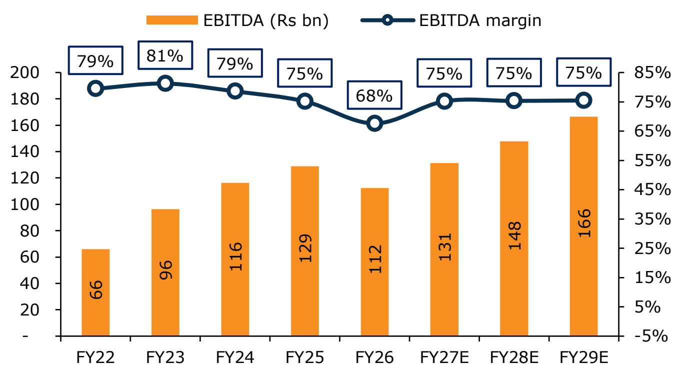
A protracted period of regulatory uncertainty, which has historically impeded NSE's listing trajectory, is now definitively concluding. Key legacy proceedings, specifically the Trading Access Point (TAP) architecture, co-location, and dark fiber cases, have been formally closed by SEBI, augmented by the Supreme Court's disposal of associated appeals. To achieve this definitive resolution, NSE filed revised settlement terms of Rs14.9bn in Mar-26. While strategically necessary, the accounting impact of these settlements on near-term earnings was significant and mechanical. SEBI settlement fees escalated from Rs0.7bn (0.5% of revenue) in FY24 to Rs6.7bn (3.9%) in FY25, and peaked at Rs14.32bn (8.6%) in FY26. This one-off absorption visibly compressed the reported FY26 EBITDA margin to 66.9% (down from 73.8% in FY25). However, adjusting for these exceptional regulatory charges, underlying operational leverage remained intact, with normalized EBITDA margin printing a robust

76.2% in FY26 (vs 77.7% in FY25). With legacy liabilities now fully provisioned and legal dockets cleared, the regulatory overhang has effectively dissipated. This clean slate re-anchors the valuation frameworks exclusively on NSE's core operating fundamentals and robust cash generation profile.

Lean cost structure and scale to drive operating leverage

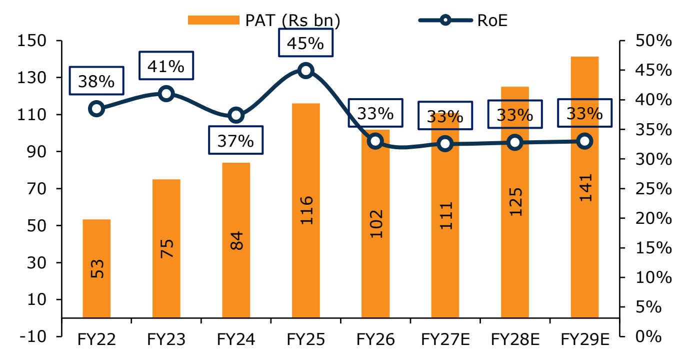
NSE's business model represents an asset-light, technology-driven network engine where massive transaction scale combined with a disciplined, fixed-cost structure generates industry-leading operating leverage. NSE's cost structure comprises primarily of employee expenses, and technology-related costs incurred for core matching platforms, data center facilities, surveillance software, and clearing networks which are largely fixed in nature. The marginal cost of processing an incremental trade is near zero. Further, NSE's large scale allows it to launch new innovative products at marginal costs. As trade execution expands, non-volume-linked operating expenses account for a fraction of operating revenue, standing at ~23% in FY26 – among the lowest globally. This structural cost efficiency allows revenue to flow directly to the bottom line, translating into structurally high EBITDA of ~76% adjusted for SEBI settlement fees. Supported by a debt-free balance sheet and high cash conversion, NSE's operating leverage provides deep financial buffers to self-fund technology upgrades, maintain robust capital buffers, and deliver superior ROEs.

Exhibit 17: EBITDA margin expected to trend in the ~75% range



Source: Company, Emkay Research

Exhibit 18: PAT expected to grow to Rs141bn; ROE to be broadly stable



Source: Company, Emkay Research

We initiate coverage on NSE with BUY and Sep-27E TP of Rs2,050

Exchanges structurally trade at expensive multiples, given their high margins, asset-light business models, strong cash conversion, and structural linkage to India's financialization. Additionally, the strong network effects, must-connect market infrastructure status, and high regulatory entry barriers underpin the durable pricing power and strong operating leverage. Globally, exchanges command premium valuation multiples relative to asset management companies. While both AMCs and exchanges offer asset-light exposures to the financialization of savings, NSE inherently operates as a monopolistic 'toll road' providing a superior quality of earnings that warrant premium multiples.

While both exchanges and asset managers boast superior margins, ROEs, and cash conversions, while returning bulk capital to shareholders via high dividend payouts, NSE benefits vastly from superior operating leverage. While the telescopic pricing limits operating leverage for asset managers, for exchanges the marginal cost of additional trade is virtually zero, driving strong operating leverage.

Further, the premium for exchanges is justified by the durability and resilience of their revenue model. AMCs' revenues are directly correlated with market direction: during bear markets, mark-to-market AUM drawdowns trigger immediate impact on revenue. On the contrary, exchanges are direction-agnostic and thrive on volatility. Coupled with insurmountable network effects where liquidity naturally combines into a single dominant platform, NSE is insulated from pricing pressure, fund manager attrition, and fee compression. NSE's unmatched moat, market leadership, and a healthy margin profile position it to trade at premium valuations. We initiate coverage on NSE with BUY and Sep-27E TP of Rs2,050, implying Sep-28E PER of 38x.

Exhibit 19: We value NSE at Sep-27E TP of Rs2,050

Cost of Equity	12%
Terminal Growth	6%
Sum of Discounted Cashflows (Rs mn)	2,489,306
Terminal Value (Rs mn)	2,298,260
Fair Value (Rs mn)	4,787,566
Number of Shares (mn)	2,475.00
Mar-27E Fair Value (Rs)	1,934
Sep-27E Target Price (Rs)	2,050
CMP (Rs)	1,785
Upside (%)	15%

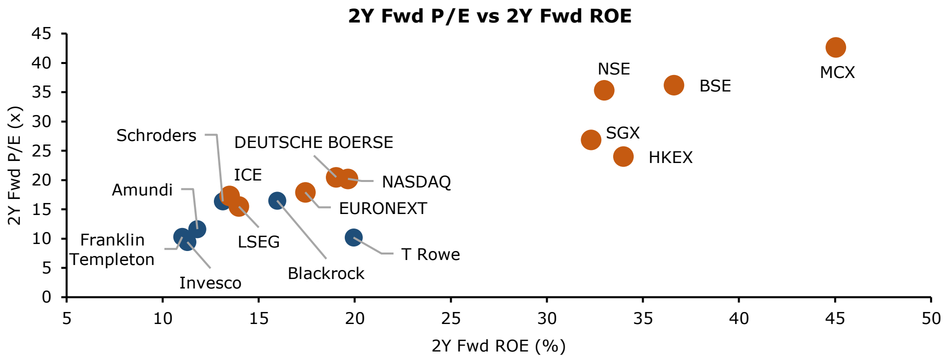
Source: Company, Emkay Research

Exhibit 20: Implied valuation multiples for NSE

Valuation at Target Price	**Rs2,050**
Sep-28E PER	38x
Sep-28E PBV	12x
Valuation at Current Price	**Rs1,785**
Sep-28E PER	33x
Sep-28E PBV	10x

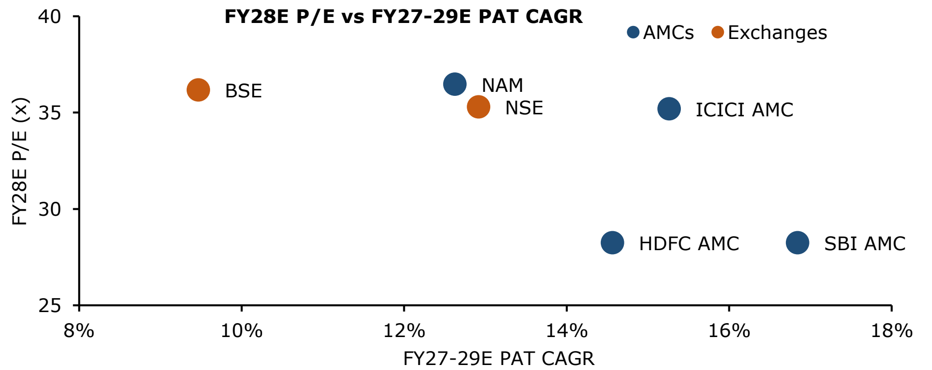
Source: Company, Emkay Research

Exhibit 21: Globally, exchanges trade at higher multiples than asset managers



Source: Bloomberg, Emkay Research

Exhibit 22: Valuations of exchanges in India vs AMCs



Source: Bloomberg, Company, Emkay Research; Note: Bloomberg estimates for BSE

Key risks

- Any further regulatory mandates targeting exchange fee structures—analogous to SEBI's recent 'true-to-label' circular—pose a material downside risk to blended realization rates and overall revenue per transaction.
- Potential regulatory tightening on highly speculative or high-velocity products, particularly weekly index options, could disproportionately compress top-line growth given the high concentration of transaction charges in the revenue mix.
- The inherent conflict between NSE's commercial objectives and its statutory role as a first-level regulator may lead to decisions that reduce its own revenue.
- An accelerated erosion of market share in options premium turnover presents a critical vulnerability to the earnings profile, as the options segment structurally underpins ~60% of total operating revenue.
- Resurgent competitive intensity from BSE, particularly any leveraging of its renewed strength in the cash market segment, could cap NSE's volume expansion and constrain long-term revenue growth trajectories.
- Any latency bottlenecks, trading halts, or cyber breaches will immediately trigger automated SEBI financial disincentives alongside severe reputational damage.
- Prolonged structural bear markets, domestic economic deceleration, or geopolitical shocks could significantly compress systemic market liquidity and trading velocity, directly impairing core business momentum.
- NSE derives ~45-47% of its operating revenue from its top 10 trading members, exposing the exchange to severe revenue shocks if key intermediaries face financial or regulatory distress.

Exhibit 23: Financial Summary

Income statement (Y/E Mar, Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue from operations	171,407	166,013	174,740	196,197	220,633
Other income	20,362	21,121	22,144	24,801	27,777
Total Income	191,768	187,134	196,884	220,998	248,411
Employee expenses	6,721	7,900	9,717	11,077	12,628
Other expenses	35,876	45,864	33,682	37,377	41,522
Total operating expenses	42,597	53,764	43,399	48,454	54,150
EBITDA *(ex-Other income)*	128,810	112,249	131,341	147,743	166,484
Depreciation and amortization	5,466	6,235	6,274	6,327	6,528
EBIT *(ex-Other income)*	123,344	106,014	125,066	141,416	159,955
Share of (loss)/profit of associate	1,289	1,082	1,212	1,357	1,493
Exceptional items	12,095	10,745	-	-	-
Contribution to SGF	-2,341	-6	-661	-750	-844
RPBT (incl Other income)	154,748	138,956	147,761	166,825	188,382
Tax expense	38,690	37,161	36,940	41,706	47,095
RPAT *(Continuing)*	116,057	101,795	110,821	125,119	141,286
RPAT *(incl Discontinuing)*	121,877	103,021	110,821	125,119	141,286
APAT	126,903	113,508	110,821	125,119	141,286
Core PAT	106,606	87,548	94,213	106,518	120,453
Balance sheet (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Share capital	2,475	2,475	2,475	2,475	2,475
Reserves and surplus	301,058	318,660	357,448	401,239	450,690
Shareholders' equity	303,533	321,135	359,923	403,714	453,165
Core SGF	120,753	130,792	131,452	132,202	133,045
Payables	4,519	5,041	5,306	5,958	6,700
Deferred tax liability	2,468	2,424	2,424	2,424	2,424
Other non-current liabilities	54	54	54	54	54
Other liabilities	164,969	309,099	266,533	294,594	327,093
Total equity and liabilities	694,667	879,374	884,568	972,068	1,071,300
Cash	172,979	322,612	270,357	294,594	323,006
Cash and bank balances	102,164	149,837	164,821	181,303	199,433
Investments	309,822	293,423	328,000	366,727	410,101
Receivables	15,122	24,682	28,724	32,252	36,268
Fixed assets	11,204	11,928	12,429	13,146	14,050
Other assets	4,494	4,799	4,799	4,799	4,799
Total assets	694,667	879,374	884,568	972,068	1,071,300
Operating revenue mix (%)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Transaction charges	80%	79%	76%	76%	76%
Listing services	2%	2%	2%	2%	2%
Colocation income	7%	8%	9%	8%	8%
Data feed	2%	3%	3%	3%	3%
Licensing services	1%	1%	1%	1%	1%
Clearing and settlement	2%	2%	2%	2%	2%
Other operating revenue	6%	6%	8%	7%	7%
Key ratios (%)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
EBITDA margin	75%	68%	75%	75%	75%
Net profit margin	68%	61%	63%	64%	64%
ROAE	43%	33%	33%	33%	33%
Tax rate	25%	27%	25%	25%	25%
Dividend payout ratio (%)	37%	84%	65%	65%	65%
Per share data (Rs)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
EPS	49	42	45	51	57
BVPS	123	130	145	163	183
DPS	18	35	29	33	37

Source: Company, Emkay Research

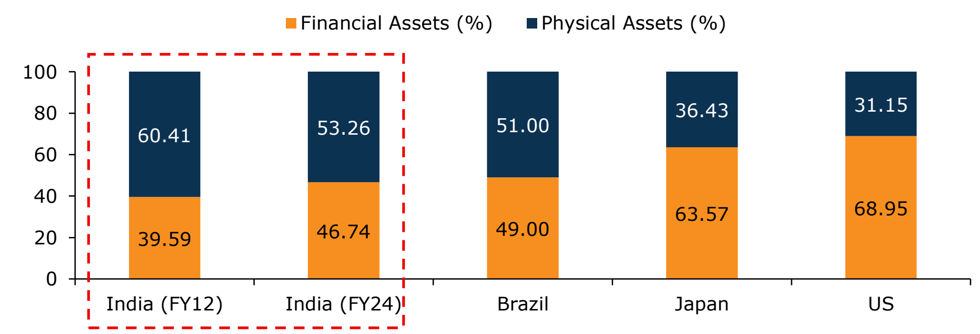
Capital Markets – A multi-year opportunity

Financialization and formalization of savings: A long-term structural mega-trend

Rewiring capital allocation – A structural shift toward market-linked assets

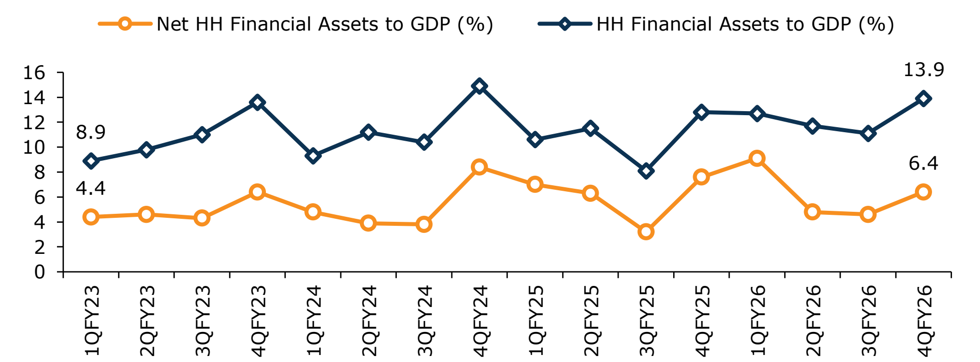
The twin forces of household financialization and the formalization of savings represent a defining, long-term structural megatrend reshaping India's macroeconomic landscape and the capital markets industry. Indian households are fundamentally rewiring their capital allocation, executing a decisive migration from traditional physical assets (such as real estate and gold) and low-yielding deposits toward organized, market-linked financial instruments. Supported by nationwide Digital Public Infrastructure, frictionless digital onboarding, robust regulatory oversight, and expanding financial literacy, market participation is deepening far beyond metropolitan centers into Tier II and Tier III cities. This structural shift is starkly evident in household allocations toward equities and mutual funds, which expanded from ~16% of financial assets in FY19 to ~23% in FY25. By channeling incremental domestic savings directly into capital formation, this transformation is expanding market depth, broadening liquidity, and embedding structural resilience across the financial ecosystem.

Exhibit 24: India's increasing exposure to financial assets and greater headroom vs global peers



Source: NSE DRHP, Emkay. Note: Brazil, Japan, and US figures are of July 24

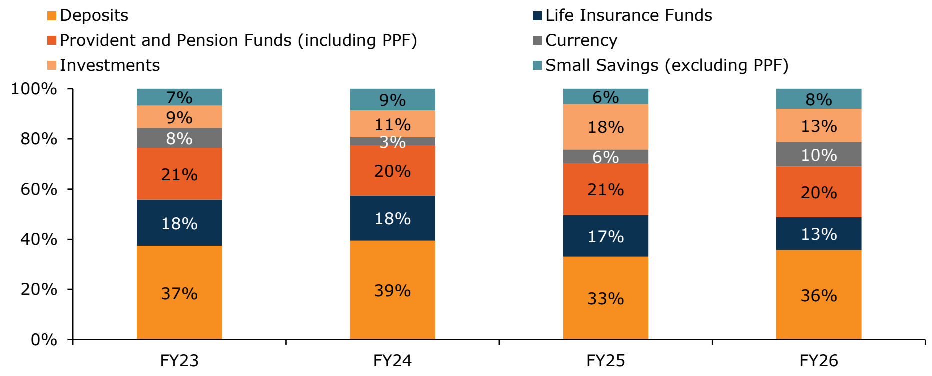
Exhibit 25: Rising net and gross HH financial assets flows to GDP



Source: RBI, Emkay Research

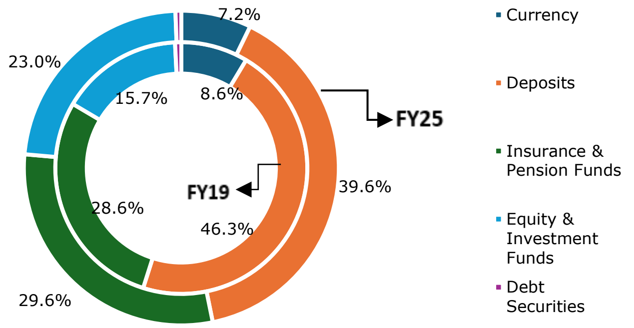
HH financial assets flow to GDP rose from 8.9% in 1QFY23 to 13.9% in 4QFY26, while net HH financial assets flow to GDP increased from 4.4% in 1QFY23 to 6.4% in 4QFY26. These indicate an accelerated deepening of household financialization, with households accumulating a larger pool of financial wealth and strengthening their net financial balance sheets.

Exhibit 26: The share of investments in financial savings has increased to ~13%



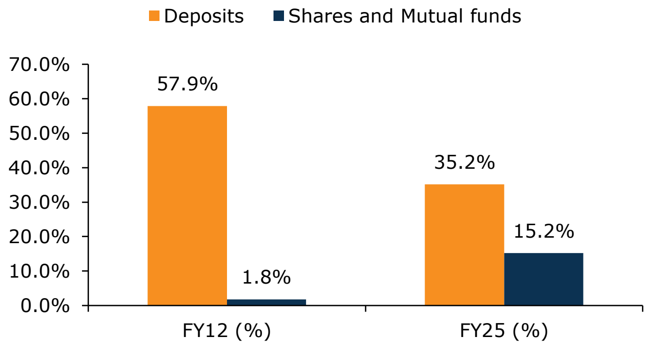
Source: RBI, Emkay Research

Exhibit 27: Household financial asset allocation



Source: NSE EPR, Economic Survey, Emkay research

Exhibit 28: Composition of annual financial savings for select products



Source: NSE EPR, Economic Survey, Emkay Research

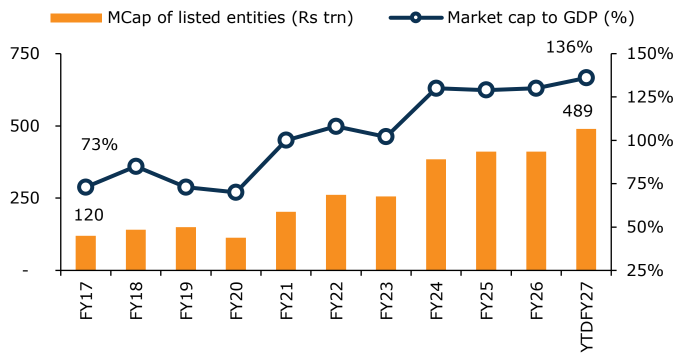
This systematic migration of domestic capital is underscored by a rapid expansion in market participation metrics. Between FY21 and FY26, the NSE's unique registered investor base scaled from 39.9mn to over 129.1mn, while aggregate demat accounts across depositories reached 224.5mn. Concurrently, annualized SIP inflows have surged to ~Rs3.5trn, institutionalizing a highly predictable domestic liquidity pool. Consequently, aggregate domestic individual ownership encompassing direct equities and mutual fund allocations has surpassed FPI ownership for the first time in over two decades. This deepened domestic capital base acts as a structural counter-cyclical buffer against global macroeconomic volatility, efficiently intermediating retail savings into productive national capital formation.

Significant headroom for penetration in India

Market cap-to-GDP highlights growing equity dominance

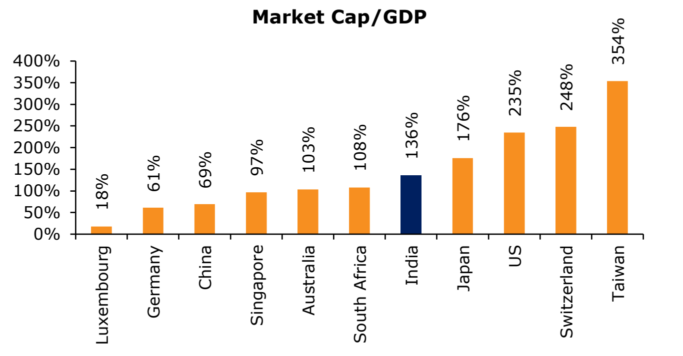
As of Jun-26, the market capitalization of NSE-listed entities reached ~Rs474trn ($5trn). This translates to a market cap-to-GDP ratio of 136% (FY27 YTD), nearly doubling from 73% in FY17. While this valuation places India above developed markets like the UK and Singapore, it continues to trail the US and Japan. This trajectory underscores the increasing formalization of the economy and a sustained structural shift toward equities.

Exhibit 29: While MCap-to-GDP ratio has doubled over FY17 to YTDFY27…



Source: NSE Pulse, Emkay Research

Exhibit 30: …it remains below those of developed markets, including US and Japan

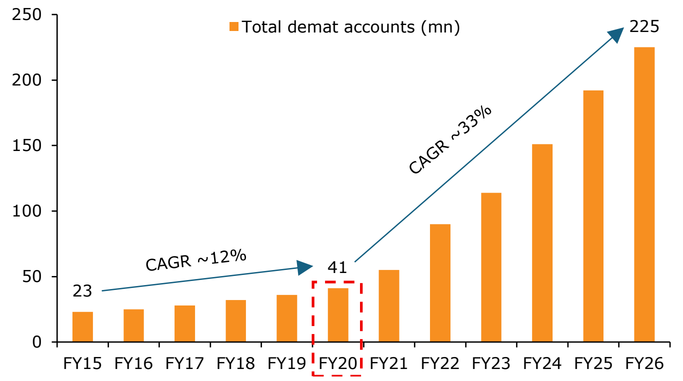


Source: NSE DRHP, Emkay Research

Significant demographic headroom despite exponential retail onboarding

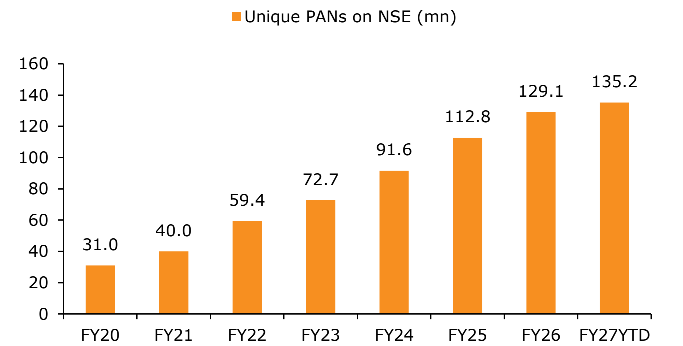
Retail participation has accelerated rapidly, with total demat accounts expanding at a 33% CAGR (FY20–26) to reach 224.5mn. Similarly, unique registered PAN investors on the NSE scaled from 40mn in FY21 to 135mn by Aug-26 (~25% CAGR). Despite this extraordinary momentum, unique investors currently represent an adult population penetration rate of just ~10%, leaving massive structural headroom for broad-based retail expansion relative to India's demographic scale.

Exhibit 31: While FY20 was seen as an inflection point driving 33% CAGR in demat accounts over FY20-26…



Source: Company, Emkay Research

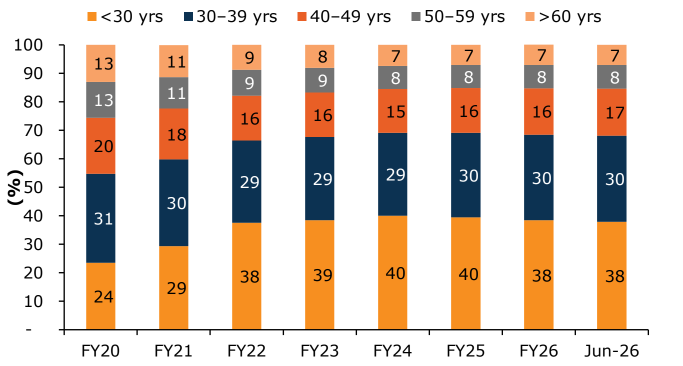
Exhibit 32: …NSE unique PAN investors expanded at a ~25% CAGR



Source: Company, Emkay Research

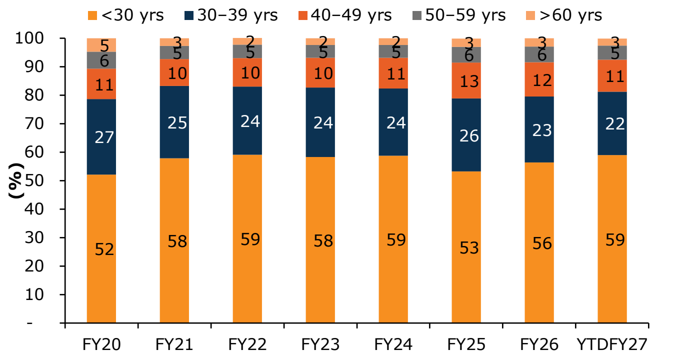
FY20 marked a structural inflection point for retail equity participation. Prior to the pandemic, total demat accounts saw a modest ~12% CAGR. Subsequently, baseline growth accelerated nearly threefold to a 33% CAGR, catalyzed by frictionless digital onboarding, rising financial literacy, and a post-Covid surge in retail market entry. While addition rates spiked most sharply over FY21–22, the underlying momentum has remained structurally resilient. Despite this robust trajectory, overall demat penetration stands at just ~14% as of FY26, highlighting substantial demographic headroom for sustained long-term expansion.

Exhibit 33: While the under-30 cohort forms 38% of the current base…



Source: NSE Pulse, Emkay Research

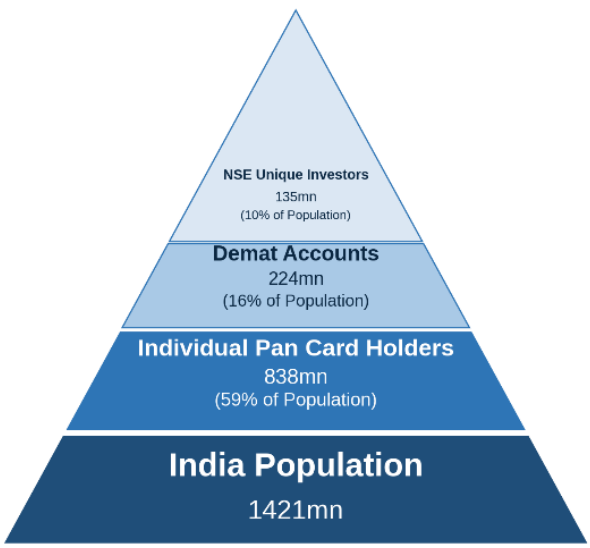
Exhibit 34: …incremental additions are heavily skewed toward this demographic



Source: NSE Pulse, Emkay Research

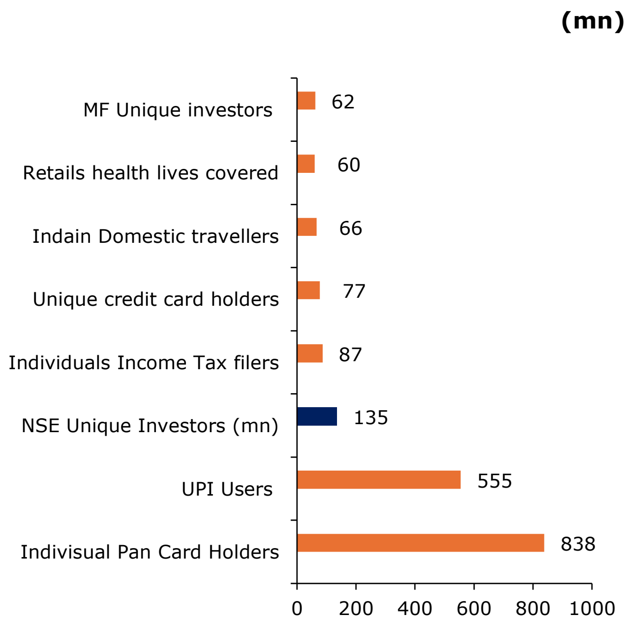
India's demographic dividend remains a potent structural tailwind for long-term capital market expansion. As of CY25, the working-age cohort constitutes 68.4% of the population, anchored by a median age of just 28.8 years. With an estimated 110.1mn individuals projected to join the labor force over CY20–30, the addressable pool of prospective investors is widening significantly. This demographic advantage is further amplified by rising household affluence, evidenced by per capita income expanding from Rs0.14mn in FY21 to Rs0.24mn in FY26. Supported by the broader financialization of savings, omnipresent digital infrastructure, and the rapid expansion of middle- and upper-income classes, these compounding catalysts provide substantial structural headroom for sustained growth in retail equity participation.

Exhibit 35: NSE Unique Investor penetration remains low at ~10% of the population…



Source: MoSPI, SEBI, NSE, AMFI, Emkay Research

Exhibit 36: …underscoring meaningful headroom for growth in the relative context



Source: AMFI, RBI, IRDAI, SEBI, CBDT, Emkay Research

Looking ahead, the structural expansion of Indian capital markets will be driven by sustained retail onboarding, robust systematic investment inflows, expanding ADTO, and deeper digital penetration. While these liquidity and demographic tailwinds will continually broaden the investor base and structurally elevate the market cap-to-GDP ratio, accelerated capital formation will remain the predominant catalyst for absolute market capitalization growth.

Exchanges overview

Exchanges – The structural pillars of India's financialization

Anchoring India's position as the world's fourth-largest equity market, Indian stock exchanges act as central pillars of the global financial architecture, led by the NSE, the premier global venue for equity derivatives volume and cash market execution. As catalytic engines of economic growth, these multi-asset platforms systematically channel domestic savings into productive capital formation, mobilizing trillions across mainboard, SME, municipal, and social enterprises. They deliver exceptional value to all market participants through transparent price discovery, deep liquidity, central counterparty settlement guarantees, and ultra-efficient execution. Functioning as frontline regulators under SEBI oversight, exchanges safeguard market integrity and investor trust through stringent risk-based supervision and real-time automated surveillance. This robust ecosystem is underpinned by a radical three-decade technological evolution: transitioning from fragmented, paper-based floor trading to pioneering electronic platforms, nanosecond order routing, seamless T+1 settlements, and advanced AI-driven RegTech architecture. Looking ahead, emerging retail penetration, accelerating financialization of household wealth, and product expansion across expanding asset classes provide exchanges with a secular, multi-decade growth runway.

Indian exchanges – Market structure

India's equity and equity-derivative markets are served by three recognized stock exchanges—NSE, BSE, and MSEI—with almost all activity on the first two. Four exchanges are recognized nationally in commodity derivatives—NSE, BSE, MCX, and NCDEX—with MCX dominant in non-agricultural commodities. NCDEX received in-principle SEBI approval in Jul-25 to launch cash equities and equity derivatives.

Exchanges have several moats

Exchanges as market infrastructure institutions (MIIs) possess deep structural economic moats that make established venues and modern exchanges function as integrated digital utilities whose competitive advantages compound with scale.

Two-sided network effects and the liquidity flywheel

Liquidity begets liquidity. In secondary financial markets, tighter bid-ask spreads attract order flow from institutional and retail market participants, which in turn incentivizes market makers and algorithmic liquidity providers to deploy deeper order books.

- **Self-reinforcing dynamic:** Volume concentration makes order execution cheaper and less prone to market impact/slippage, creating a winner-take-most or duopoly structure.
- **Entrenched leadership:** A broader investor base draws more issuers seeking optimal price discovery, expanding the investable universe and generating a self-reinforcing liquidity loop. Historical global industry shifts demonstrate that once an exchange establishes a dominant liquidity pool in an asset class, it entrenches its market leadership for the long term.

High operating leverage and scale-led unit cost efficiency

- **Asset-light digital network economics:** Exchanges operate on fixed-cost technology engines, data centers, and compliance systems. Because the marginal cost of executing an incremental trade or launching a new standardized product is negligible, fixed non-volume-linked expenses are spread across billions of transactions.
- **High-profitability buffers:** This structural operating leverage results in high global profitability benchmarks, with leading exchange groups delivering adjusted operating EBITDA margins frequently exceeding 50-75%, along with high ROEs. Smaller or prospective entrants face severe unit-cost disadvantages when trying to replicate this infrastructure.

Vertically integrated infrastructure and capital efficiency

- **Full value chain integration:** Vertically integrated exchange models unify trade execution, central counterparty clearing, post-trade settlement, and data services under a cohesive ecosystem.
- **Central risk backstop:** Risk containment frameworks—backed by real-time Value-at-Risk (VaR) margining and dedicated Core Settlement Guarantee Funds (Core SGF)—create systemic trust that standalone execution venues cannot match.

Regulatory mandates and public utility entry barriers

- **First-level regulatory status:** Exchanges operate under strict statutory oversight as MIIs, executing frontline regulatory duties such as real-time market surveillance, member compliance inspections, listing disclosures, and investor protection.
- **Prohibitive licensing hurdles:** Regulators (SEBI) enforce stringent capital adequacy, 'fit and proper' ownership norms, and public interest governance structures, making new exchange licenses exceedingly rare.
- **Ownership constraints:** Statutory limits on shareholding (eg capping individual domestic/foreign non-exchange entities, institutional limits, and separating exchange ownership from trading member control) prevent hostile takeovers and restrict predatory capital deployment by new entrants.

Proprietary IP and annuity revenue model

- **Entrenched benchmarks:** Proprietary index suites serve as primary benchmarks for domestic and international mutual funds, passive ETFs, and structured financial products.
- **Diversified non-transactional annuity streams:** Beyond volume-sensitive trading charges, exchanges generate predictable, recurring cash flows through colocation rack rentals, real-time market data subscriptions, API connectivity charges, and annual issuer listing fees, building a resilient financial buffer against market volume volatility.

Exhibit 37: Revenue streams across exchanges

Revenue Stream	Key Drivers	Market Activity Linking
Transaction Charges	Average Daily Traded Value (ADTV), trading velocity, contract/share volumes, and option premium turnover across cash, equity futures, equity options, currency, commodities, and debt segments.	**Volume-linked:** Directly scales with daily trading intensity, volatility, and order execution turnover.
Clearing and Settlement Services	Total volume of trades executed and cleared, open interest, contract counts, and cross-exchange clearing services provided to market participants.	**Volume-linked:** Directly tied to post-trade settlement activity and contract clearing volumes.
Listing Services *(Listing Fees, Processing Fees, and Book Building Fees)*	Number of listed entities, corporate market capitalization, IPO/SME issue sizes, book-building events, and corporate actions.	**Non-volume linked:** Annual listing fees are recurring/fixed based on paid-up capital/m-cap, while Book Building and Processing fees fluctuate with primary IPO activity (market-sensitive).
Data Center – Rack Charges *(Colocation Services)*	Number of member Full Rack Equivalents (FREs) rented, physical space occupied, and high-power density (HPD) rack capacity (6-15kVA).	**Non-volume linked:** Fixed recurring rental income billed over contract periods regardless of daily trade execution volumes.
Data Connectivity Charges	Bandwidth tier subscriptions, Messages Per Second (MPS) speed limits, leased lines, and the number of member firms connecting to exchange servers.	**Non-volume linked:** Fixed recurring subscription fees for establishing and maintaining physical/virtual access links.
Data Feed and Terminal Services	Demand for real-time market data, tick-by-tick feeds, snapshot data, historical order/trade datasets, and data terminal workstation subscriptions (eg InfoFeed, Cogencis).	**Non-volume linked:** Predictable, recurring subscription and licensing fees from data vendors, AMCs, and institutional software developers.
Index Licensing and Data Subscriptions	Total AUM of passive funds (ETFs, Index Funds) tracking proprietary benchmarks (eg Nifty 50), licensing for derivative products, and index constituent data feeds.	**Market value-linked (non-volume linked):** Linked to long-term asset under management (AUM) growth and fixed licensing terms rather than daily trading turnover.
Investment/Treasury Income	Yields on investment portfolios, size of cash/margin collateral deposited by member firms, Core SGF float balances, and prevailing macro interest rates.	**Hybrid (margin and yield driven):** Higher market activity expands open interest and member margin balances (**activity-linked**), while total returns depend on prevailing interest rate cycles.

Source: NSE DRHP, Emkay Research

Exchanges have a long runway for growth

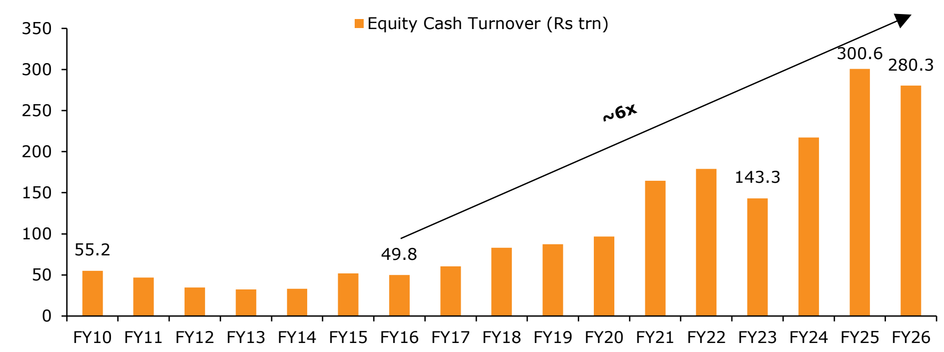
The global exchange industry operates along a multi-decadal growth runway, powered by the structural financialization of household savings, expanding economic output, and the continuous deepening of capital markets across emerging economies. As rising disposable incomes drive capital away from physical assets and traditional bank deposits toward organized securities, exchanges serve as primary gateways for corporate capital formation, primary market listings, and secondary liquidity across equities, debt, commodities, and derivatives. Beyond volume-driven execution growth, the long-term compounding profile of modern exchanges is increasingly anchored by the strategic diversification of revenue streams. By monetizing proprietary technology infrastructure and high-value intellectual property—specifically through benchmark index licensing, real-time market data feeds, colocation rack rentals, terminal subscriptions, and central clearing services—exchanges generate predictable, high-margin, non-transactional annuity cash flows. This structural pivot toward recurring data, index, and technology solutions decouples exchange profitability from cyclical trading volume slowdowns, transforming MIIs into resilient, multi-engine financial utilities poised for sustained multi-year growth.

Equity cash market

Cash segment exhibits steady expansion but remains impacted by market cycles

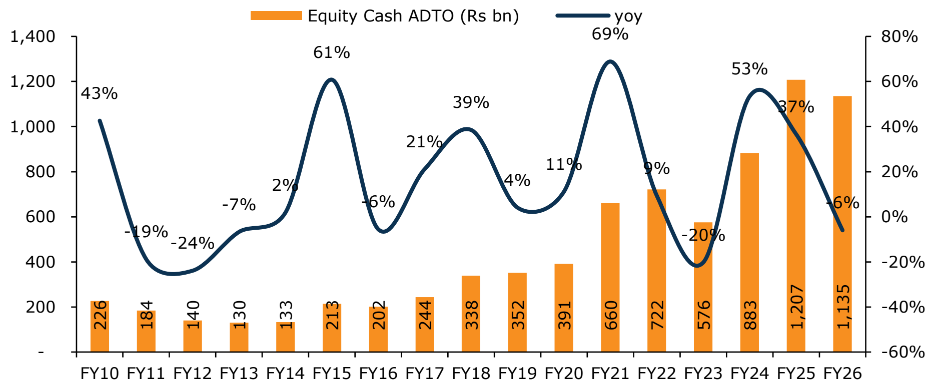
The Indian cash equity market has undergone a multi-decadal expansion, with the industry turnover expanding ~6x from Rs49.7trn in FY16 to Rs280.26trn in FY26. Despite this underlying long-term trajectory, the segment exhibits cyclical sensitivity to broader macroeconomic conditions, interest rate shifts, and global risk sentiment. For instance, after reaching a peak of Rs300.62trn in FY25, turnover moderated slightly in FY26 to Rs280.26trn as volatile global macroeconomic factors and regulatory recalibrations tempered trading velocity. Going forward, this multi-year expansion is expected to be structurally anchored by four core drivers: robust nominal GDP growth, the gradual expansion of India's market capitalization-to-GDP ratio (which stood at 136% in YTDFY27), an expanding non-promoter free float (~50%), and an ever-widening domestic investor base.

Exhibit 38: Equity cash turnover has expanded ~6x over FY16-26, but remains impacted by market cycles



Source: SEBI, Emkay Research

Exhibit 39: Cash market ADTO has expanded at a ~19% CAGR over FY16-26

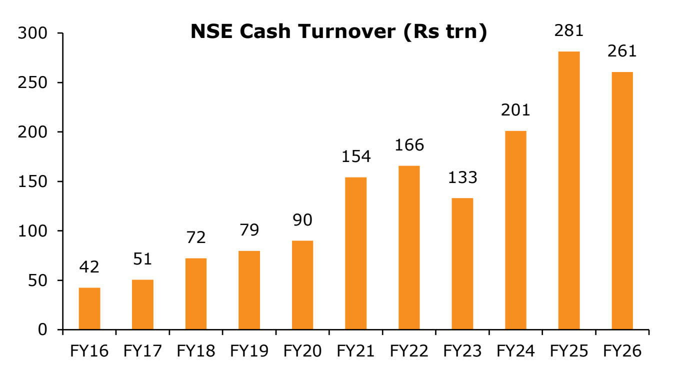


Source: SEBI, Emkay Research

NSE has maintained dominant market share in the equity cash segment

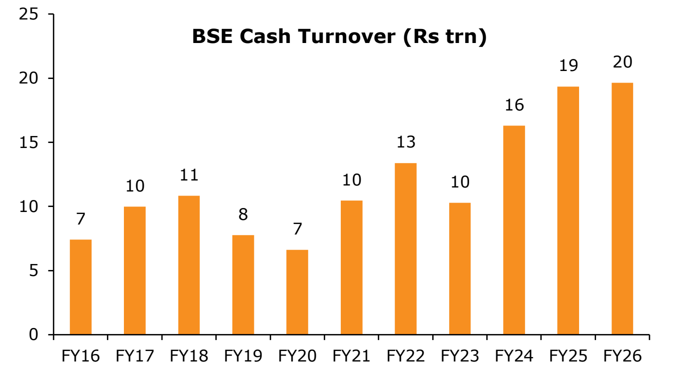
While the cash market turnover expanded at a ~19% CAGR over FY20-26, individually both the exchanges—NSE and BSE—tracked a similar growth pace, with NSE's cash market turnover expanding at ~19% CAGR and BSE's clocking a ~20% CAGR. NSE has maintained a near-monopolistic position in the cash equity market segment, commanding 92.99% market share by turnover in FY26. NSE's equity cash market share has expanded from ~85% in FY16 to ~93% in FY26 while maintaining its market dominance in YTDFY27 (as of Aug-26) as well to ~93.5%. On a global scale, NSE's cash market platform processed 7.95bn trade executions in FY26, representing an 11.4% share of all cash equity trades globally, placing it alongside premier worldwide venues such as ICE/NYSE and Nasdaq.

Exhibit 40: While NSE's cash market turnover expanded at ~19% CAGR over FY20-26…



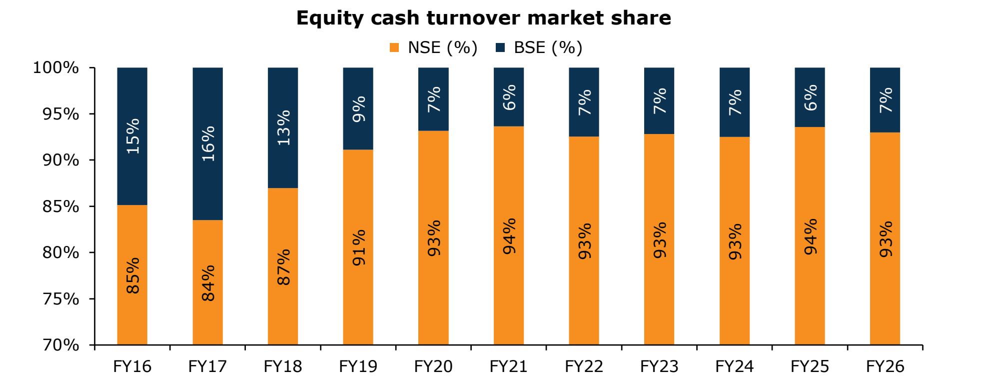
Source: NSE, Emkay Research

Exhibit 41: BSE's cash market turnover expanded at a similar pace of ~20% CAGR



Source: BSE, Emkay Research

Exhibit 42: NSE maintains dominant position in equity cash market, led by liquidity flywheel

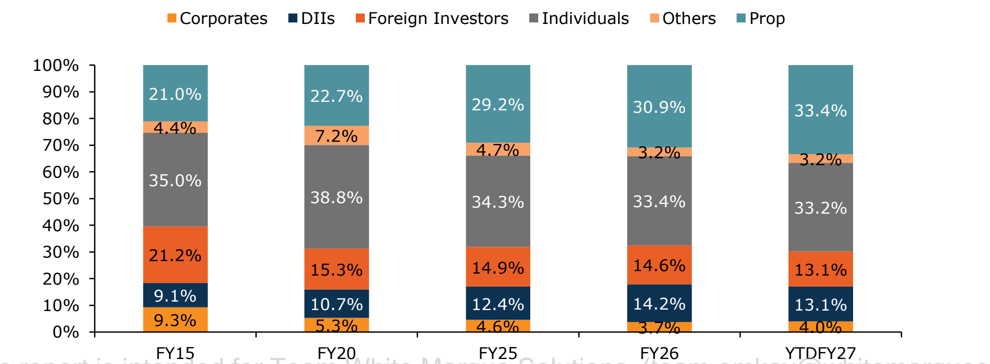


Source: SEBI, Emkay Research

Client participation and execution trends driven by a digital shift

In the equity cash segment, client participation has witnessed a structural deepening, alongside a technology-driven transformation in trading modes. Individual investors have become a dominant force, accounting for 33.2% of the gross turnover in the cash market for FY27TD, while the overall number of unique registered investors on the NSE expanded to 135mn by Aug-26. Additionally, proprietary traders have gained traction, with their contribution increasing from ~21% in FY15 to ~31% in FY26, expanding to ~33% as of YTDFY27. Despite this broadened base, trading value remains heavily concentrated, with the top 0.2% of cash-market investors driving 78.1% of the turnover in Aug-26.

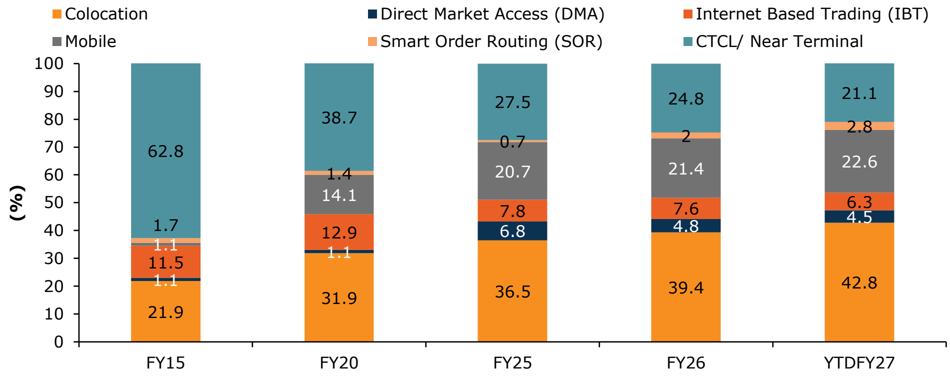
Exhibit 43: While individual investors have maintained a leadership position with respect to client participation in cash segment, prop traders have expanded rapidly over the years



Source: NSE Pulse, Emkay Research

Concurrently, the mode of trading has been increasingly reshaped by technology-driven execution channels. Advanced modes such as algorithmic trading, direct market access (DMA), and colocation services benefit high-frequency institutional and proprietary participants by reducing latency and placing trading systems in close physical proximity to the matching engine. The deployment of such modes has expanded rapidly over the last few years. Simultaneously, enhanced mobile trading applications featuring multi-language support have significantly expanded retail accessibility and convenience across Tier II and Tier III cities, accounting for ~36% of cash market turnover.

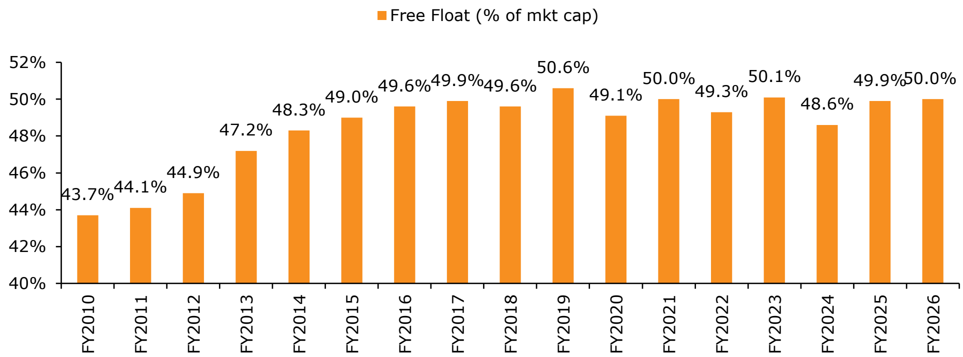
Exhibit 44: Colocation has emerged as a preferred mode of execution



Source: NSE Pulse, Emkay Research

Additionally, simultaneous upward trend of both market cap-to-GDP and free float % of the NSE listed universe would result in a deeper investable market, greater liquidity, tighter spreads, more volumes, and less price impact per trade. All these factors contribute to better price discovery and should lead to a structural tailwind for capital markets as a whole.

Exhibit 45: Free float % of NSE listed universe is trending upward, reaching ~50%



Source: NSE DRHP, Emkay Research

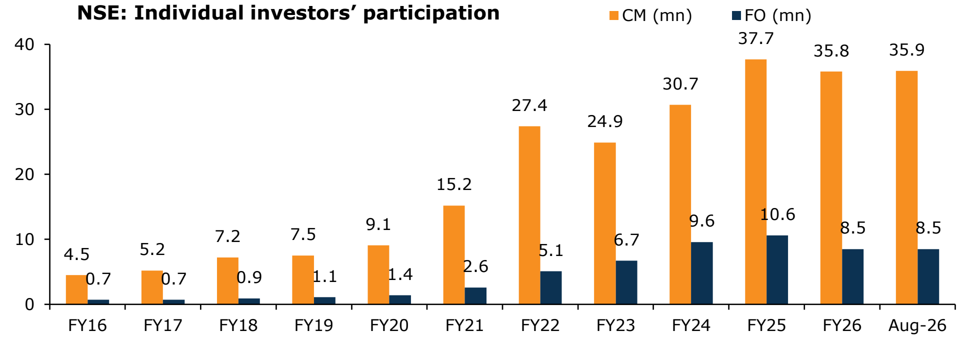
Equity derivatives

From expansion to stabilization – the enduring dominance of equity options

The structural evolution of the Indian equity derivatives market can be divided into three distinct phases, beginning with a period of exponential growth driven by broader retail participation, widespread adoption of mobile apps, and the rapid scaling of algorithmic proprietary desks. This aggressive volume concentration, particularly in index options, prompted Phase 2, where the regulator introduced stringent market interventions to address systemic concerns over hyper-speculation and retail vulnerabilities. Key measures deployed during this recalibration included mandatory upfront collection of option premiums, upward revisions to minimum contract sizes, and restricting exchanges to limit the number of weekly expiry index derivative contracts to one. Following an initial period of volume compression and adjustment to tightened risk monitoring frameworks, Phase 3 marked the transition into stabilization and recovery, characterized by normalized market-wide position limits and recalibrated participant strategies.

Despite these structural transitions and regulatory actions, the options segment continues to dominate the equity derivatives landscape, remaining the primary revenue engine for domestic exchanges and historically contributing ~60% to the revenue of exchanges.

Exhibit 46: Derivatives segment has witnessed rapid increase in participation of individual investors post FY21

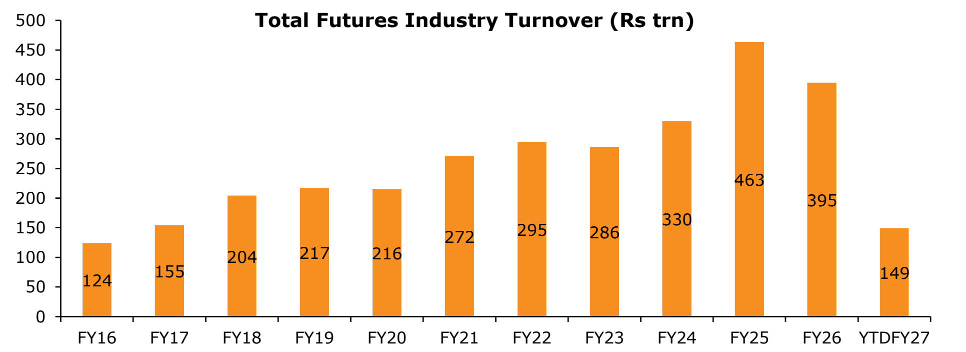


Source: NSE Pulse, Emkay Research

Equity futures: NSE maintains a dominant market share

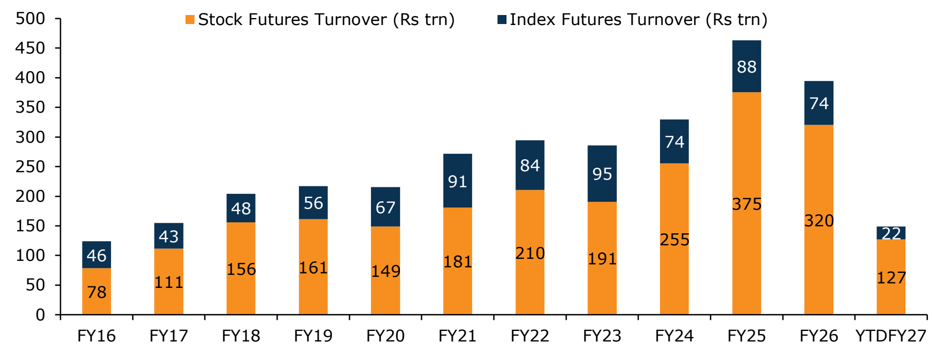
In contrast to the evolving competitive dynamics in the broader derivatives market, the NSE maintains a near-absolute monopoly across both the index and stock futures segments. Over the past decade, equity futures' notional turnover expanded at ~12% CAGR, structurally anchored by the stock futures segment, which accounted for ~80% of the overall futures turnover in FY26. NSE effectively operates as the sole venue for stock futures, retaining ~100% market share. While BSE has registered marginal traction in index futures since FY24, NSE's leadership remains uncontested, commanding a ~99% share in the index futures category for FY26. Segment volumes have, however, experienced recent compression. After peaking at Rs463trn in FY25, aggregate futures' notional turnover moderated to Rs395trn in FY26, primarily reflecting the impact of stringent regulatory interventions such as upward revisions to minimum contract sizes aimed at curbing excessive speculation in the index derivatives framework.

Exhibit 47: Equity futures turnover expanded at ~12% CAGR over FY16-26



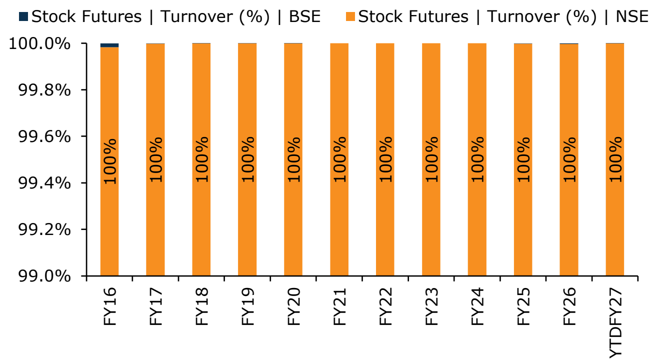
Source: SEBI, Emkay Research

Exhibit 48: Equity futures turnover continues to be driven by stock futures



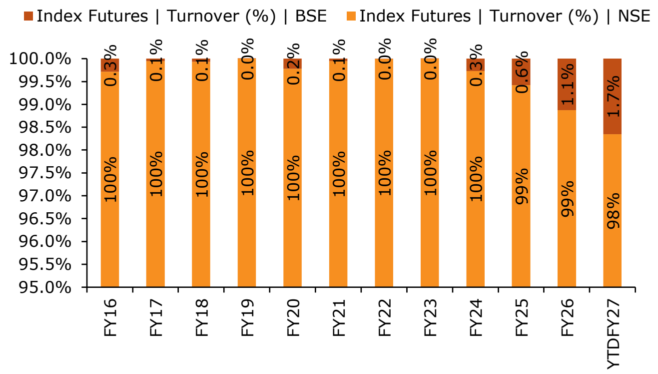
Source: SEBI, Emkay Research

Exhibit 49: While NSE maintains near-monopoly in the stock futures segment…



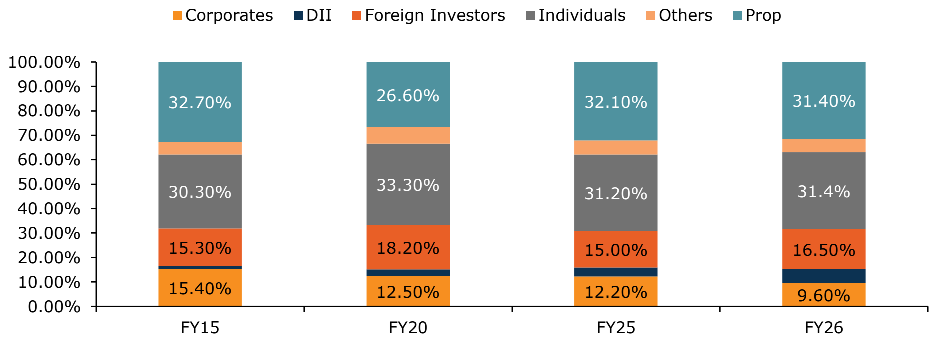
Source: Company, Emkay Research

Exhibit 50: …BSE has started gaining traction in the index futures segment



Source: Company, Emkay Research

Exhibit 51: Prop traders and individual investors contribute significantly to the futures segment



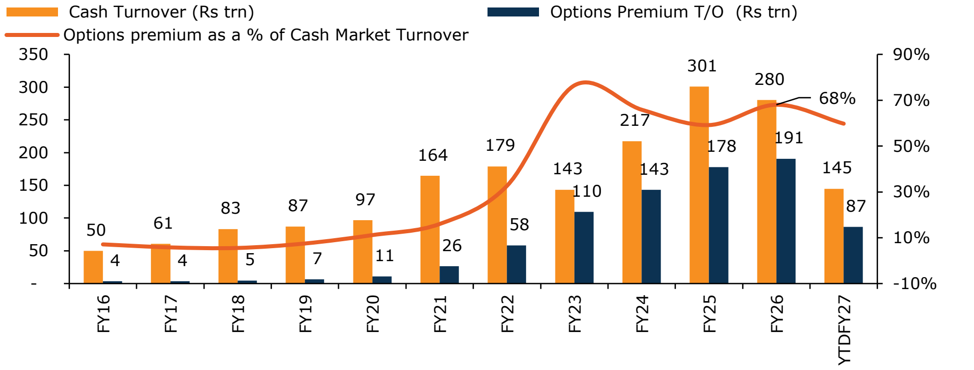
Source: NSE Pulse, Emkay Research

Equity options

The options era: How India's market structure diverge post-Covid

India's equity options market expanded at ~61% CAGR over FY20-26 to reach Rs191trn of premium turnover in FY26 as against a ~19% CAGR in the cash market turnover. Options premium turnover contributed ~68% to the cash market turnover in FY26. This exceptional growth in the options volume was driven by three forces: 1) the rise of zero-brokerage digital platforms including Groww, Angel One, Zerodha, etc; 2) the introduction and proliferation of short-dated weekly index options which created 'everyday expiry' cycle by FY24; and 3) the fact that the cash-market leverage is capped at 5x while options offer effectively unlimited implicit gearing for small premium outlay.

Exhibit 52: Options premium turnover has closed in on cash market turnover



Source: NSE, BSE, Emkay Research

The exponential growth phase

Prior to Nov-24, the Indian equity derivatives market experienced an unprecedented multi-year expansion, establishing India as the world's largest exchange-traded derivatives market by contract volumes. Driven by a 10Y CAGR of ~49% in options premium turnover, the segment was fueled by rapid retail onboarding, widespread adoption of mobile trading apps, and the expansion of algorithmic proprietary desks. By FY24–25, proprietary traders and HFT desks accounted for ~50.7% of NSE's equity options premium turnover and algorithmic trading accounted for ~66.0% of total derivatives trades, leveraging ultra-low-latency colocation infrastructure. This hyper-growth phase saw annual contract execution cross ~37bn contracts in FY26, though majority of the volume was concentrated in low-ticket, short-dated, and expiry-day index option contracts.

Regulatory recalibration and the impact of SEBI interventions

To address growing regulatory concerns over excessive retail speculation and unhedged intraday exposure, SEBI introduced a comprehensive framework in Nov-24 (with phased implementation through CY25). Key structural measures included:

Contract sizing: Increasing the minimum lot size for benchmark index derivatives from Rs0.5–1mn to Rs1.5–2mn.

Rationalization of expiries: Restricting each stock exchange to offering weekly expiry contracts on only one benchmark index (effective 20-Nov-24) and standardizing weekly expiry days across venues (NSE transitioning to Tuesdays in Sep-25).

Upfront margining and risk buffers: Enforcing mandatory upfront collection of option premiums, imposing an additional 2% extreme loss margin on short options on expiry days, and establishing intraday delta-based position monitoring.

Fiscal friction: A subsequent increase in STT in Union Budget FY27 raising futures STT from 0.02% to 0.05% and options premium STT from 0.10% to 0.15% further elevated execution friction for short-term strategies.

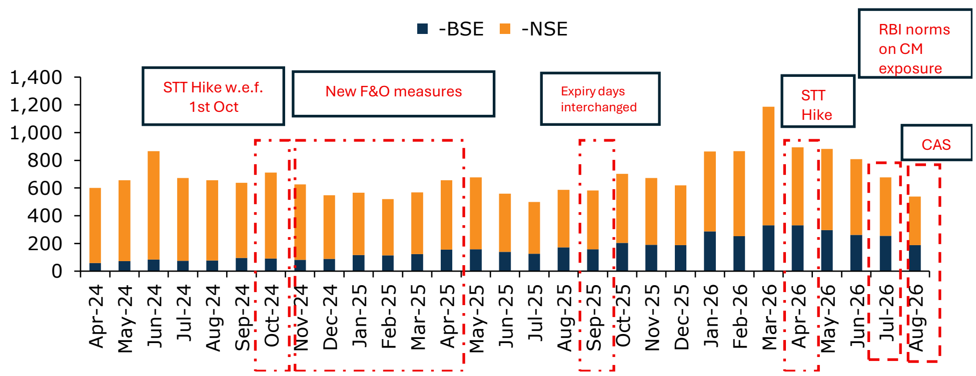
These measures successfully curbed speculative contract turnover, leading to a temporary moderation in contract counts and turnover across options as participants recalibrated their trading systems.

Market adaptation drives recovery in FY26

Despite near-term volume adjustments, the options market demonstrated notable resilience, entering a stabilization and recovery phase from late-FY25 into FY26. Market participants adapted to higher lot sizes and single weekly expiries by shifting focus from hyper-active contract counts to premium turnover quality and institutional hedging.

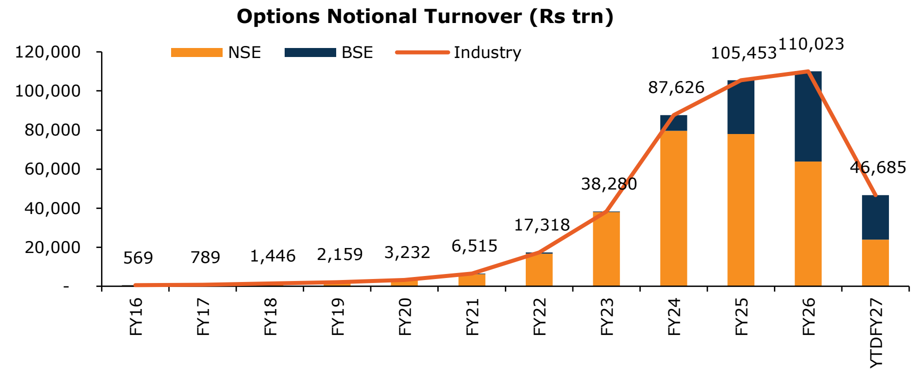
An emerging variable for the derivatives ecosystem is the RBI's revised direction regarding capital market exposure and lending limits for proprietary trading desks and broker intermediaries. By restricting bank credit lines, margin funding, and option leverage facilities available to proprietary firms, these norms target the capital backing high-frequency and arbitrage trading desks – the primary liquidity providers in the options market. While the full quantitative impact remains to be evaluated as implementation progresses, tighter funding constraints on prop desks could moderately reduce intraday order book depth and arbitrage efficiency, reinforcing a broader regulatory push toward fully capitalized, non-leveraged market participation.

Exhibit 53: The options segment has witnessed multiple regulatory interventions



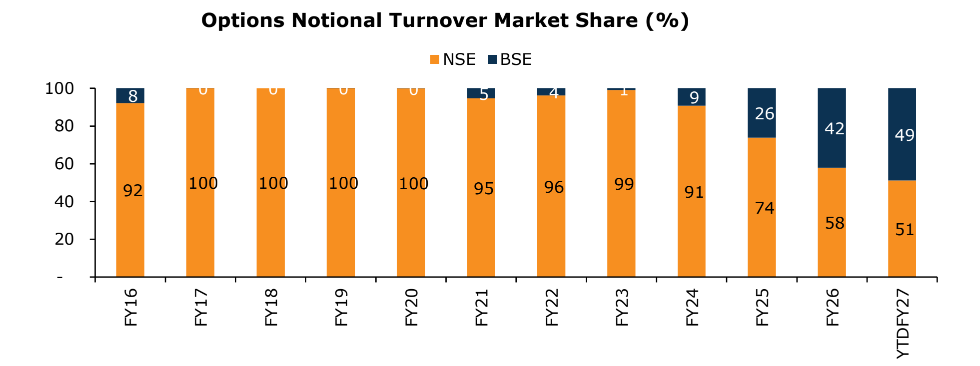
Source: NSE, BSE, Emkay Research

Exhibit 54: Options notional turnover has expanded rapidly over the years, driven by index options



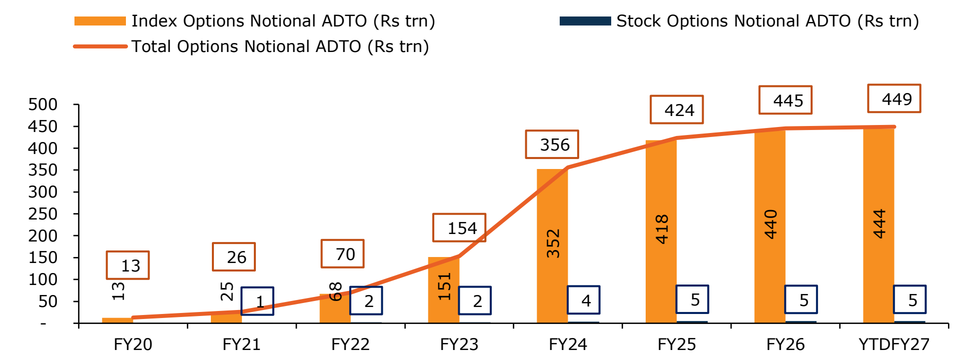
Source: NSE, BSE, Emkay Research

Exhibit 55: BSE has gained significant market share in options notional turnover, led by strong market share expansion in index options following the regulatory reset



Source: NSE, BSE, Emkay Research

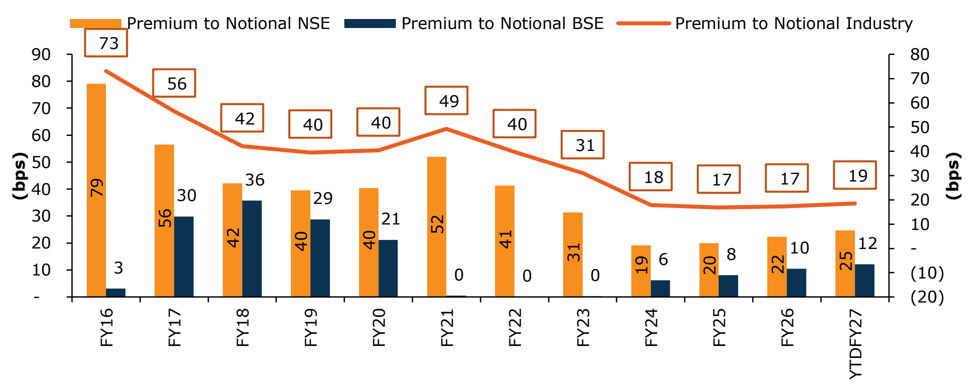
Exhibit 56: Options market continues to be dominated by index options



Source: NSE, BSE, Emkay Research

Historically, the industry's premium-to-notional turnover ratio for options contracted due to a high concentration of low-premium, near-expiry trades, particularly in index options. Prior to Nov-24, the proliferation of weekly index contracts created daily expiries across the trading week. However, following regulatory interventions that limited weekly expiries to one per exchange, this trend has reversed. The subsequent and relative reduction in near-expiry trading volumes has driven a steady recovery in the premium-to-notional turnover ratio from FY25 through YTD FY27. NSE's higher premium to notional turnover ratio indicates a relatively lower contribution of near-to-expiry trades compared to BSE.

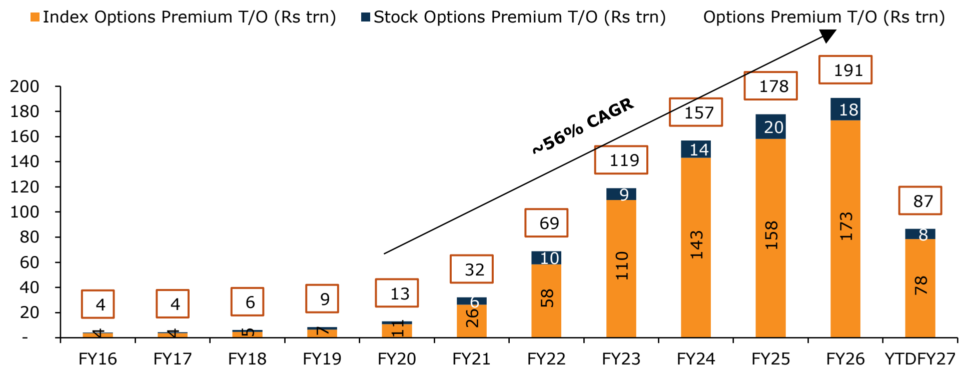
Exhibit 57: Premium to notional turnover ratio has reduced, given higher concentration of near-to-expiry trades



Source: NSE, BSE, Emkay Research

While equity options' notional turnover registered a robust ~80% CAGR from FY20 to FY26, premium turnover lagged with a ~56% CAGR over the same period. This growth divergence reflects a structural contraction in the premium to notional turnover ratio. The dilution is primarily attributable to a surge in near-expiry index option trading, which inherently carries lower premiums. Consequently, the aggregate options premium pool remains heavily skewed toward index contracts.

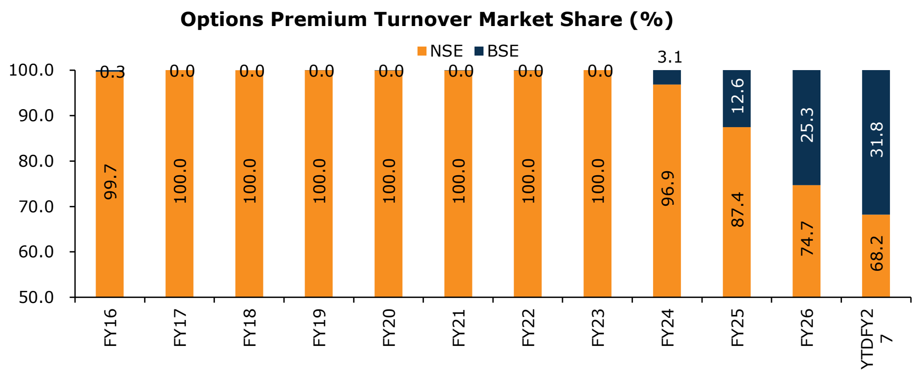
Exhibit 58: Equity options premium continues to be dominated by index options



Source: NSE, BSE, Emkay Research

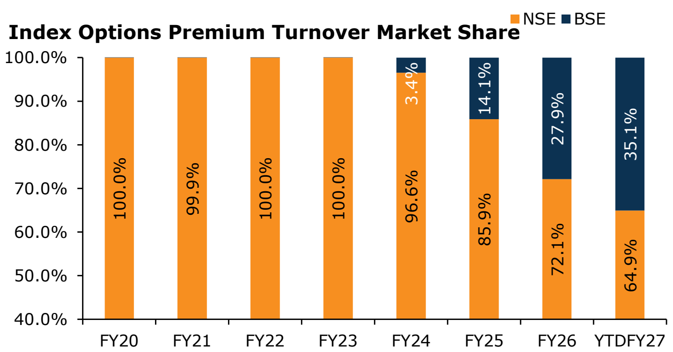
BSE's reentry into the equity derivatives segment in May-23 has significantly altered the industry's competitive dynamics. As of YTD FY27 (Aug-26), BSE has secured ~49% of the options notional turnover, driving a corresponding compression in NSE's share from ~91% in FY24 to ~51%. However, a divergence exists between notional and premium market share – NSE retains a dominant ~68% of the premium pool, benefiting from an unfavorable product mix at BSE, which is heavily skewed toward low-premium, near-expiry index trades.

Exhibit 59: While BSE has gained market share over the last few years, NSE continues to dominate



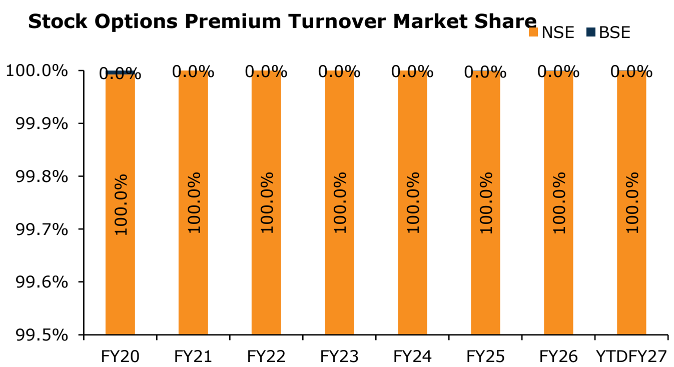
Source: Company, Emkay Research

Exhibit 60: While BSE has gained market share in the index options segment …



Source: Company, Emkay Research

Exhibit 61: …NSE maintains near-monopoly in the stock options segment



Source: Company, Emkay Research

Exhibit 62: Time series of changes in expiries of F&O contracts across exchanges

FY	Announced	Effective	Exchange	Index / contract	Contract type	Old expiry day	New expiry day	Note
FY19	18-Dec-18	11-Feb-19	NSE	Nifty 50	Weekly options (launch)	na (new product)	Thursday	First Nifty 50 weekly options. Bank Nifty weeklies already existed since CY16, also with Thursday expiry. Entire NSE complex clustered on Thursday.
FY21	10-Dec-20	11-Jan-21	NSE	Nifty Financial Services (FINNIFTY)	F&O launch (weekly + monthly)	na (new product)	Thursday / last Thursday	Cash-settled. First NSE index to offer weekly index futures. 7 serial weekly + 3 serial monthly contracts.
FY22	Oct-21	14-Oct-21	NSE	FINNIFTY	Weekly + monthly	Thursday/last Thursday	Tuesday / last Tuesday	First deliberate staggering away from Thursday. Weekly index futures on FINNIFTY discontinued at the same time; weekly options retained.
FY22	Jan-22	24-Jan-22	NSE	Nifty Midcap Select (MIDCPNIFTY)	F&O launch (weekly + monthly)	na (new product)	Tuesday / last Tuesday	Launch of NIFTY MIDCAP Select Index F&O
FY23	Mar-23	Apr-23	NSE	Nifty Midcap Select (MIDCPNIFTY)	F&O launch (weekly + monthly)	Tuesday/last Tuesday	Wednesday / last Wednesday	
FY24	Apr/May-23	15-May-2023	BSE	Sensex + Bankex	F&O relaunch (weekly + monthly)	Thursday (legacy contracts)	Friday / last Friday	Relaunch under MD and CEO Sundararaman Ramamurthy. Lot sizes cut: Sensex – 15 to 10; Bankex – 20 to 15. Friday chosen deliberately to differentiate from NSE's Thursday.
FY24	06-Jun-23	Was to be 07-Jul-23	NSE	Nifty Bank (BANKNIFTY)	Weekly	Thursday	Friday	First Friday expiry was scheduled for 14-Jul-23. BSE argued the clash would impair Sensex/Bankex growth and formally requested a shift; NSE withdrew the circular with immediate effect. Never implemented.
FY24	12-Jul-23	17-Aug-23 (1st expiry 21-Aug)	NSE	MIDCPNIFTY	Weekly + monthly	Wednesday/last Wednesday	Monday / last Monday	Existing contracts re-dated at EOD 16-Aug-23. Freed up Wednesday for Bank Nifty.
FY24	12-Jul-23	04-Sep-2023 (1st expiry 06-Sep)	NSE	BANKNIFTY	Weekly options only	Thursday	Wednesday	Monthly and quarterly Bank Nifty contracts explicitly left unchanged on the last Thursday at this stage, creating a weekly/monthly mismatch.
FY24	30-Aug-23	16-Oct-2023	BSE	Bankex	Weekly + monthly	Friday/last Friday	Monday / last Monday	Stated as based on market feedback. Sensex retained Friday. Bankex weekly traded value was only ~Rs40mn on the 25-Aug-23 expiry.
FY24	28-Dec-23	01-Mar-2024 (1st expiry 27-Mar)	NSE	BANKNIFTY	Monthly + quarterly	Last Thursday	Last Wednesday	Done to bring uniformity between the weekly (Wednesday) and monthly cycles. Jan-24 and Feb-24 monthlies were unaffected.
FY25	18-Apr-24	24-Apr-2024	NSE	Nifty Next 50 (NIFTYNXT50)	F&O launch – Monthly	na (new product)	Friday / last Friday	Completed the five-day grid: an index expiry on every trading day of the week across NSE and BSE.
FY25	01-Oct-24 (SEBI)	20-Nov-2024	Both	All index derivatives	Weekly	4 weekly indices on NSE, 2 on BSE	One benchmark index per exchange	Part of SEBI's six-measure framework to strengthen the index derivatives regime (also, lot size increase to Rs1.5-2.0mn, 2% ELM on expiry-day short options, intraday position monitoring 4x daily, upfront premium collection, removal of calendar spread benefit on expiry day).
FY25	10-Oct-24	13-Nov / 18-Nov / 19-Nov-2024	NSE	BANKNIFTY / MIDCPNIFTY / FINNIFTY	Weekly options discontinued	Wednesday / Monday / Tuesday	Monthly only (last Thursday from Jan-25)	NSE retained Nifty 50 as its sole weekly benchmark.
FY25	03-Oct-24	14-Nov-2024 / 18-Nov-2024	BSE	Sensex 50 / Bankex	Weekly options discontinued	Thursday / Monday	Monthly only	BSE retained Sensex as its sole weekly benchmark on volume grounds.
FY25	28-Nov-24	01-Jan-2025 (1st wkly 07-Jan; 1st monthly 28-Jan)	BSE	Sensex / Bankex / Sensex 50	Weekly, monthly, quarterly, half-yearly	Sensex Friday and last Friday; Bankex last Monday; Sensex 50 last Thursday; qtrly/half-yrly last Friday	Tuesday / last Tuesday (all)	Weekly Sensex contract expiring 03-Jan-25 retained Friday as a one-off exception. All contracts generated after 01-Jan-25 took Tuesday.
FY25	28-Nov-24	01-Jan-2025 (1st expiry 30-Jan)	NSE	BANKNIFTY / FINNIFTY / MIDCPNIFTY / NIFTYNXT50	Monthly	Last Wednesday / last Tuesday / last Monday / last Friday	Last Thursday (all)	Post-weekly-discontinuation clean-up: All NSE monthlies consolidated onto the Nifty 50 day. No change to Nifty weekly or monthly.
FY25	04-Mar-25	Was to be 04-Apr-2025	NSE	All index + stock derivatives	Weekly, monthly, quarterly, half-yearly	Thursday / last Thursday	Monday / last Monday	Deferred 27-Mar-25, never implemented. Read by the street as a share-recapture move: Monday sits one day before BSE's Tuesday.
FY25	27-Mar-25 (SEBI CP)	28-Mar-2025	NSE	All index + stock derivatives	All	na	na	Monday shift deferred until further notice. SEBI's consultation paper proposed limiting all equity derivative expiries to Tuesday or Thursday. NSE deferred implementation of FAOP66938 pending the final framework.
FY26	26-May-25	01-Sep-2025	Both	All equity derivatives	Weekly, monthly, quarterly, half-yearly	Any weekday	Tuesday or Thursday only	Expiry day becomes a regulated parameter. Any subsequent change requires prior SEBI approval, removing expiry day as a unilateral competitive lever.
FY26	17-Jun-25	01-Sep-2025	Both	Day allocation	All	NSE Thursday / BSE Tuesday	NSE Tuesday / BSE Thursday	Effectively a swap. NSE applied for Tuesday; BSE opted to move from Tuesday to Thursday. Existing contracts kept old expiries, except long-dated index options which were realigned.
FY26	Jun-25	01-Jul-2025	BSE	Weekly index futures	Weekly futures	Available	No new contracts introduced	Transition measure ahead of the 01-Sep-25 changeover.
FY26	23-Jun-25 (final)	01-Sep-2025 (NSE 1st expiry 02-Sep; BSE 1st expiry 04-Sep)	Both	All index + stock derivatives	Weekly, monthly, quarterly, half-yearly, stock F&O	NSE Thursday / last Thursday; BSE Tuesday / last Tuesday	NSE Tue / last Tue; BSE Thu / last Thu	Ended ~25 years of Thursday as India's default expiry day. Contracts expiring on or before 31-Aug-25 unaffected. Existing contracts re-dated at EOD 28-Aug-25; revised contract files live from 29-Aug-25.
FY27	na	As at 21-Sep-2026	Both	All equity derivatives	All	na	NSE Tuesday / BSE Thursday	In force, no change since Sep-25. NSE: Nifty 50 weekly expiry every Tuesday; all monthly, quarterly, half-yearly, and stock F&O expiry on the last Tuesday. BSE: Sensex weekly expiry every Thursday; Sensex, Bankex, and Sensex 50 monthly expiry on the last Thursday.

Source: NSE, BSE, Emkay Research

Exhibit 63: Weekly expiries across periods

Era	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly expiry days in the week
Oct-21 to Aug-23	-	FINNIFTY	MIDCPNIFTY	Nifty 50, Bank Nifty	Sensex, Bankex (from May-23)	4
Aug-23 to Sep-23	MIDCPNIFTY	FINNIFTY	-	Nifty 50, Bank Nifty	Sensex, Bankex	4
Sep-23 to Oct-23	MIDCPNIFTY	FINNIFTY	Bank Nifty	Nifty 50, Sensex 50	Sensex, Bankex	5
Oct-23 to Nov-24	MIDCPNIFTY, Bankex	FINNIFTY	Bank Nifty	Nifty 50, Sensex 50	Sensex, NIFTYNXT50 (from Apr-24)	5
20-Nov-24 to 31-Dec-24	-	-	-	Nifty 50	Sensex	2
01-Jan-25 to 29-Aug-25	-	Sensex	-	Nifty 50	-	2
01-Sep-25 to date	-	Nifty 50	-	Sensex	-	2

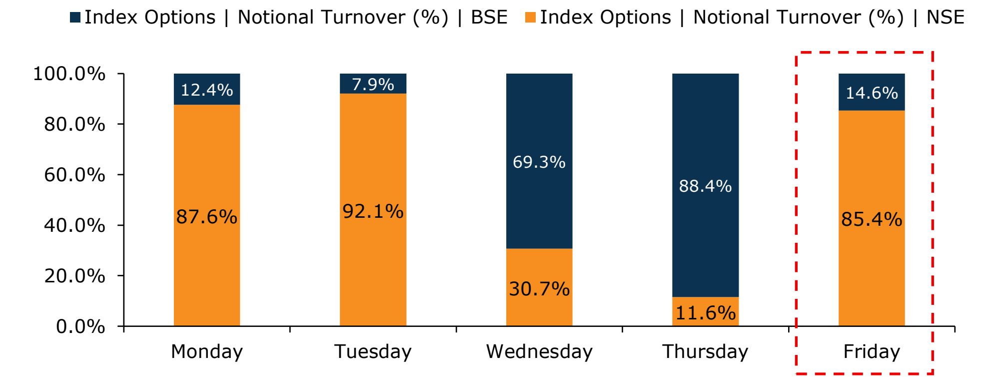
Source: NSE, BSE, Emkay Research

NSE has higher market share on most days during the week

To assess competitive dynamics, we analyzed weekday trading patterns in index options from 1-Sep-25 through 11-Sep-26. The analysis specifically focuses on market share variances between expiry and non-expiry days across the exchanges.

Our analysis highlights a divergence between notional and premium market shares, with BSE capturing up to 88.4% of average market share based on notional turnover on Thursdays. This spread is likely to stem from higher out-of-the-money (OTM) strikes, which carry lower absolute premiums despite large notional values. Further, the notional share gap is largely a byproduct of relative pricing and lot size variations rather than an outright displacement of core trading activity. Crucially, because exchange realization is tied directly to premium turnover, NSE's revenue trajectory remains insulated from fluctuations in the notional split, even as BSE establishes a strong foothold in the market.

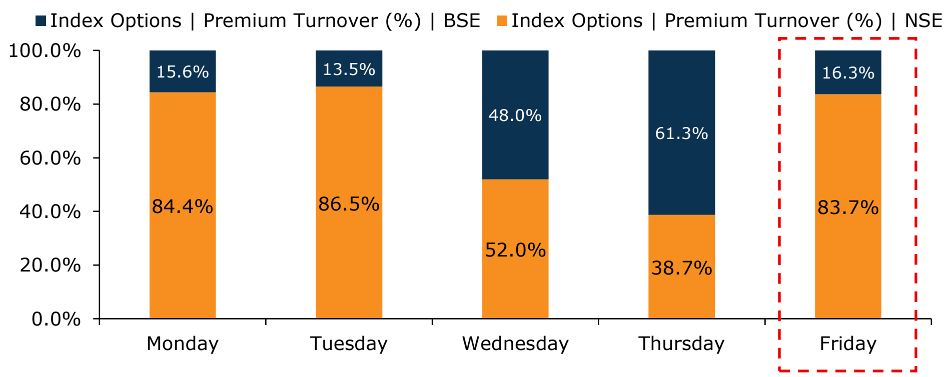
Exhibit 64: Notional turnover of index option shifts as per exchanges' expiry



Source: NSE, BSE, Emkay Research; Note: Market share is based on average notional turnover

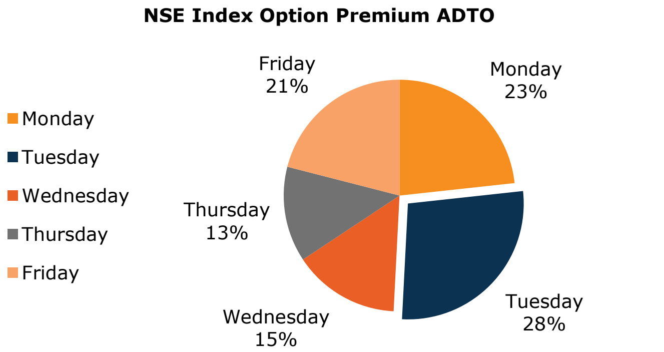
NSE maintains a dominant share of aggregate premium turnover at the start and end of the trading week, capturing between ~84% and ~87% of the market on Mondays, Tuesdays, and Fridays. This share naturally moderates midweek, contracting to ~52% on Wednesdays and ~39% on Thursdays, inversely aligning with BSE's peak premium market share of 61.3% on Thursday. These daily fluctuations are structurally tied to 0 DTE and 1 DTE volume cycles, as trading activity systematically migrates toward the exchange hosting that day's expiring index contracts to capitalize on high-gamma, lower-premium profiles. Crucially, on Fridays, a structurally neutral session largely devoid of core index expiries for either exchange, NSE reasserts its dominance. This Friday baseline underscores NSE's deep-rooted liquidity advantage and sustained participant preference outside of expiry-day trading dynamics.

Exhibit 65: Premium turnover of index option shifts as per exchanges' expiry



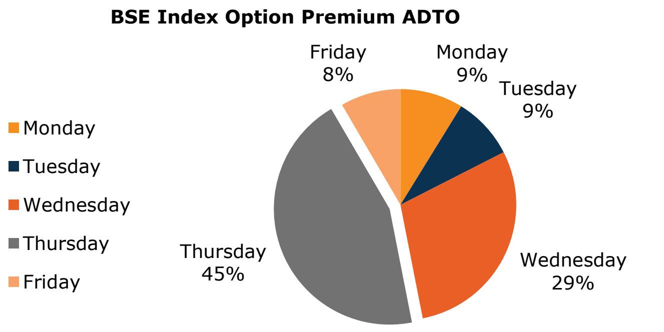
Source: NSE, BSE, Emkay Research; Note: Market share is based on average premium turnover

Exhibit 66: While NSE's index option premium volumes are spread across the week with 0DTE share of 28% on average …



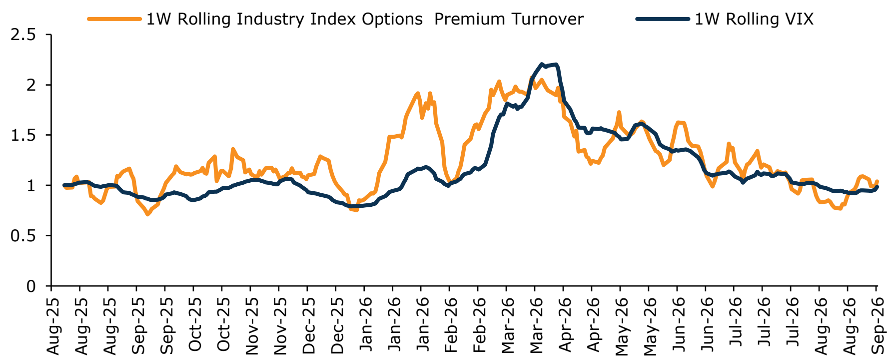
Source: NSE, Emkay Research; Note: Market share is based on average premium turnover

Exhibit 67: …BSE's volumes are concentrated in 1DTE and 0DTE



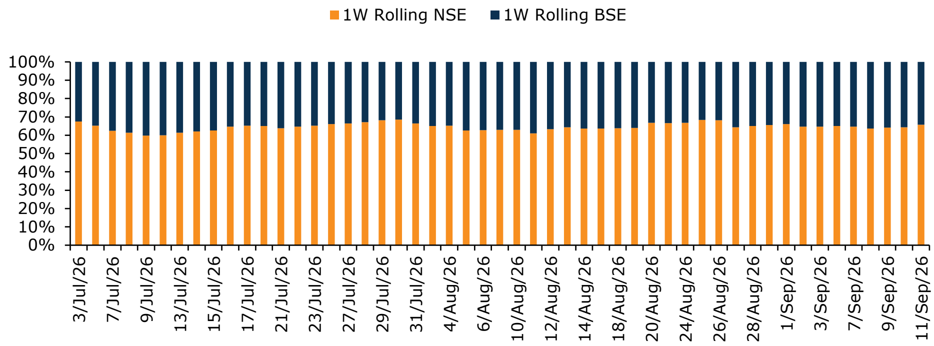
Source: BSE, Emkay Research; Note: Market share is based on average premium turnover

Exhibit 68: 1W rolling index options premium turnover vs 1W rolling VIX



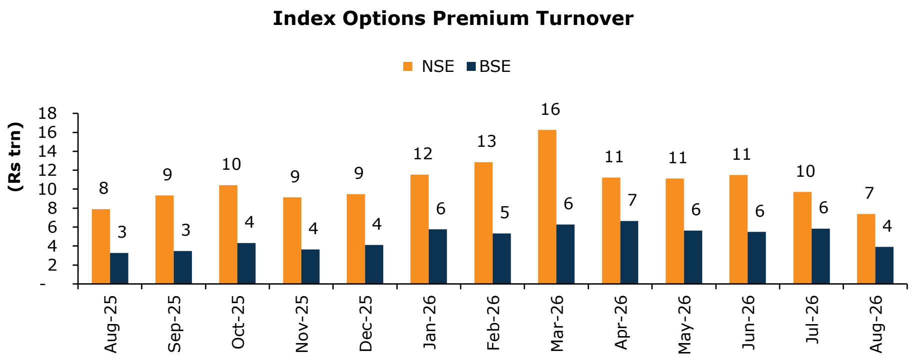
Source: NSE, BSE, Emkay Research; Note: Rolling premium turnover and VIX have been indexed

Exhibit 69: 1W rolling market share of average index option premium



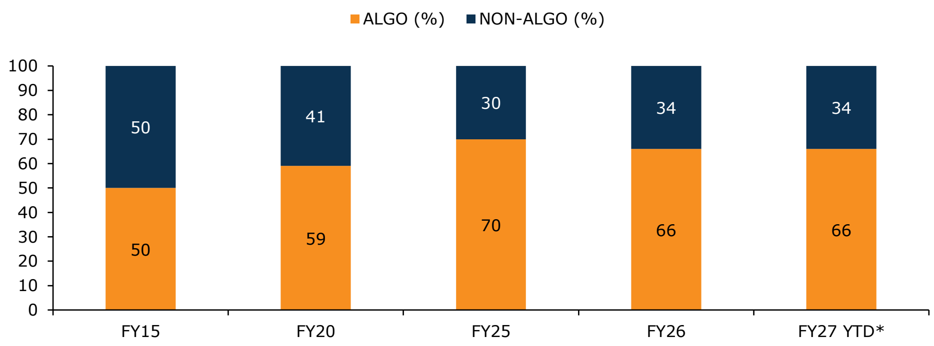
Source: NSE, BSE, Emkay Research

Exhibit 70: Index options premium turnover in Aug-26 was impacted by the implementation of CAS



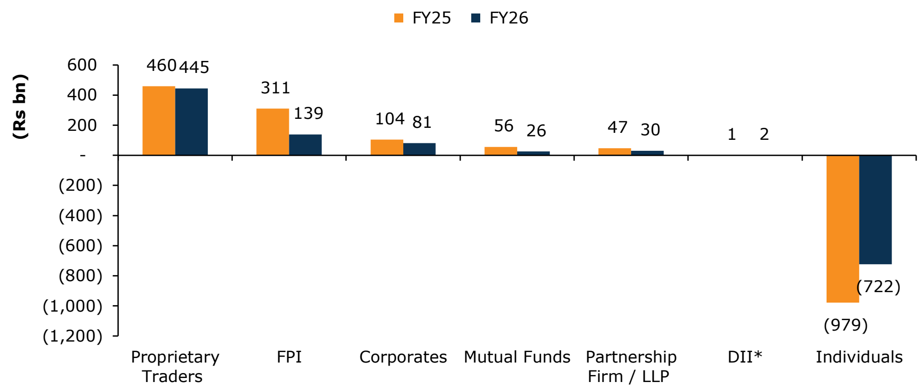
Source: NSE, BSE, Emkay Research

Exhibit 71: Annual trend in share for modes of trading in equity derivatives



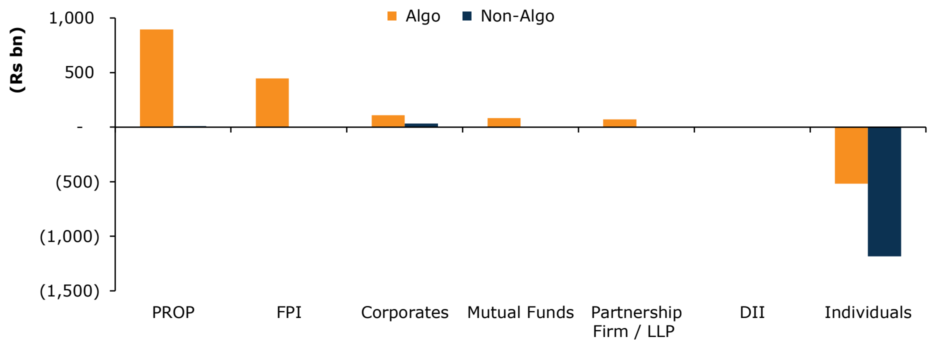
Source: SEBI, Emkay Research

Exhibit 72: Gross P&L of EDS traders – While individuals have incurred heavy losses in the equity derivative segment, losses have reduced yoy



Source: SEBI, Emkay Research; Note: DII excludes Mutual Funds

Exhibit 73: While algo traders have witnessed significant profitability, non-algo-driven traders have witnessed higher losses

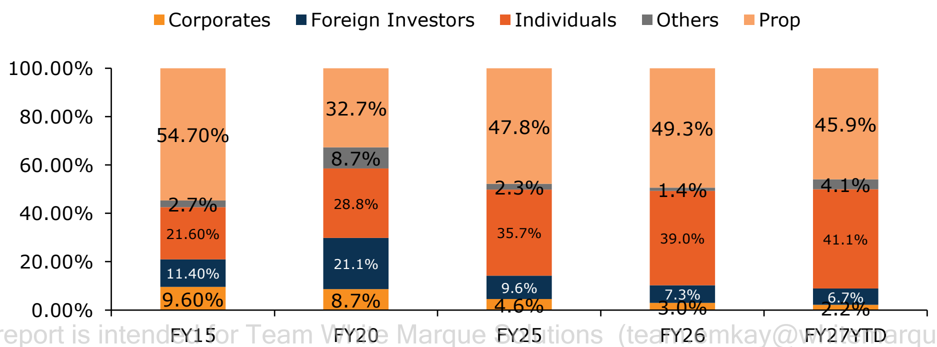


Source: SEBI, Emkay Research

Algorithmic trading remains the engine of institutional profitability. In FY26, algo trading accounted for ~99% of gross trading profit for both prop traders and FPIs, with adoption at 47% and 86% of participants, respectively. Prop traders and FPIs continued to record highest gross trading profit at ~Rs440bn and ~Rs140bn, respectively. These profits were funded by losses incurred by individual investors, at Rs720bn in FY26.

Additionally, regulatory approval of retail algorithmic trading is structurally positive. The impact is already visible. Aggregate individual losses narrowed from Rs979bn in FY25 to Rs722bn in FY26, which we attribute in part to retail algo access. We expect this to uplift trading activity in the retail segment and curtail the losses incurred. Notably, losses for retail participants trading via algos run at less than half those of non-algo individuals.

Exhibit 74: The share of prop traders in index options has reduced, impacted by the hike in STT and the revised RBI norms on capital market exposure during YTDFY27



Source: NSE Pulse, Emkay Research

Exhibit 75: Transaction charges

Segment	NSE revised transaction charges (Rs/Rs mn turnover)	BSE revised transaction charges (Rs/Rs mn turnover)
Cash Market	30.70	37.5*
Equity Futures	18.30	-
Equity Options (on premium)	355.30	325.00
Commodity futures	1.00	0.20
Commodity options (on premium)	10.00	1.00
Currency futures	3.50	4.50
Currency options (on premium)	311.00	10.00

*Source: Company, Emkay Research; Note: *if the script is non-exclusively listed on BSE*

Exhibit 76: Listing fee structures

Particulars	NSE (Rs mn)	BSE (Rs mn)
Initial Listing Fee	**0.050**	**0.020**
Annual Listing Fee		
Up to Rs1,000mn	0.300	0.325*
Rs1,000–2,000mn	0.380	0.360
Rs2,000–3,000mn	0.490	0.465
Rs3,000–4,000mn	0.595	0.565
Rs4,000–5,000mn	0.730	0.695
Rs5,000–10,000mn	0.735 + Rs0.0048mn for every additional Rs50mn or part thereof	0.700 + Rs0.00456mn for every additional Rs50mn or part thereof
Above Rs10,000mn	1.220 + Rs0.005125mn for every additional Rs50mn or part thereof	1.160 + Rs0.00487mn for every additional Rs50mn or part thereof

Source: Company, Emkay Research

Exhibit 77: Colocation charges of NSE

Rack Variant	Charges per rack p.a. (Rs mn)**	Initial Setup charges (Rs mn)	Maximum permissible Interactive IPs	Pair of uplinks*
High Power Density	1.80	0.20	2*80	2 * (1 Default + Additional 4 on demand basis
Full Rack	0.90	0.10	80	1 Default + Additional 4 on demand basis
Half Rack	0.45	0.05	40	1 Default + Additional 1 on demand basis
Quarter Rack	0.225	0.025	20	1 Default

Source: Company, Emkay Research

Exhibit 78: Colocation charges of BSE

Service Type	One-time charges (OTC) (Rs mn)	Charges per rack per annum (inclusive of power and cooling) (Rs mn)
Quarter Rack – 1.5kVA	–	0.30
Half Rack – 3kVA	–	0.60
Full Rack – 6kVA	–	1.20
Full Rack – 15kVA	–	2.50

Source: Company, Emkay Research

Exhibit 79: Comparison of key metrics of NSE vs BSE

	NSE						BSE					
Particulars (Rs mn)	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Revenue from operations	**56,248**	**83,131**	**118,562**	**147,800**	**171,407**	**166,013**	**5,014**	**7,432**	**8,155**	**13,900**	**29,573**	**48,340**
EBITDA	41,407	66,053	96,315	116,108	128,810	112,249	2,772	2,887	6,477	15,929	31,559	40,110
PBT	44,650	70,312	100,416	111,843	154,748	138,956	1,275	2,631	2,480	8,876	16,706	32,337
PBT (ex - SGF)	44,029	70,312	102,450	129,253	157,089	138,962	1,576	2,921	3,030	9,793	17,606	33,107
PAT	35,734	53,329	75,019	84,065	116,057	101,795	1,449	2,543	2,207	7,784	13,259	24,970
Key metrics												
EBIDTA Margin	*73.6%*	*79.5%*	*81.2%*	*78.6%*	*75.1%*	*67.6%*	*14.5%*	*37.3%*	*35.4%*	*46.6%*	*53.6%*	*65.3%*
PAT Margin	*63.5%*	*64.2%*	*63.3%*	*56.9%*	*67.7%*	*61.3%*	*28.9%*	*34.2%*	*27.1%*	*56.0%*	*44.6%*	*51.7%*
ROAE	*30.7%*	*34.6%*	*41.8%*	*37.8%*	*42.7%*	*32.6%*	*5.9%*	*9.9%*	*8.2%*	*25.9%*	*34.3%*	*45.0%*
Revenue Mix (%)												
Transaction Charges	*75.3%*	*83.8%*	*85.8%*	*82.1%*	*79.6%*	*78.7%*	*27.7%*	*34.8%*	*29.6%*	*41.9%*	*68.6%*	*78.5%*
Listing Services	*2.6%*	*4.4%*	*3.0%*	*1.5%*	*1.8%*	*2.1%*	*45.8%*	*39.2%*	*36.3%*	*26.0%*	*16.6%*	*10.7%*
Colocation Income	*4.9%*	*5.2%*	*5.2%*	*6.5%*	*7.3%*	*8.0%*	*2.0%*	*2.5%*	*3.9%*	*2.1%*	*2.5%*	*3.5%*
Data Feed	*2.4%*	*2.7%*	*2.3%*	*2.3%*	*2.4%*	*2.8%*	*6.7%*	*4.8%*	*7.1%*	*4.5%*	*1.7%*	*1.4%*
Licensing Services	*1.9%*	*1.4%*	*1.3%*	*0.7%*	*0.7%*	*0.9%*	*4.1%*	*2.8%*	*1.5%*	*1.1%*	*1.6%*	*1.0%*
Clearing and Settlement	*0.5%*	*0.5%*	*0.3%*	*0.9%*	*1.9%*	*1.5%*	*10.3%*	*13.5%*	*19.4%*	*22.4%*	*7.4%*	*3.5%*
Other Operating Revenue	*12.5%*	*4.2%*	*3.7%*	*6.1%*	*6.3%*	*5.9%*	*3.4%*	*2.3%*	*2.1%*	*1.9%*	*1.6%*	*1.3%*
Turnover market share												
Cash segment (Rs bn)												
– ADTO (Rs bn)	618.4	668.0	534.3	817.2	1,129.6	1,055.2	42.0	54.0	41.3	66.2	77.7	79.5
– Overall turnover (Rs bn)	153,979	165,662	133,051	201,034	281,278	260,626	10,451	13,382	10,289	16,290	19,339	19,636
– *Market share*	*93.6%*	*92.5%*	*92.8%*	*92.5%*	*93.6%*	*93.0%*	*6.4%*	*7.5%*	*7.2%*	*7.5%*	*6.4%*	*7.0%*
Equity index options (Rs bn)												
– ADTO (Rs bn)	105.6	235.6	440.0	561.8	551.8	504.7	0.1	0.0	0.0	20.0	90.9	195.2
– Premium turnover (Rs bn)	26,294	58,423	109,556	138,196	135,745	124,654	16	12	9	4,927	22,354	48,221
– *Premium market share*	*99.9%*	*100.0%*	*100.0%*	*96.6%*	*85.9%*	*72.1%*	*0.1%*	*0.0%*	*0.0%*	*3.4%*	*14.1%*	*27.9%*
– Notional turnover (Rs trn)	5,901	16,095	37,345	78,677	76,586	62,574	351	661	343	8,028	27,556	46,227
– *Notional market share*	*94.4%*	*96.1%*	*99.1%*	*90.7%*	*73.5%*	*57.5%*	*5.6%*	*3.9%*	*0.9%*	*9.3%*	*26.5%*	*42.5%*
Futures (Rs bn)												
– ADTO (Rs bn)	363.4	339.9	382.4	301.5	355.8	297.4	0.2	0.0	0.0	0.8	2.1	3.4
– Turnover (Rs bn)	90,476	84,294	95,207	74,171	87,521	73,462	50	5	1	202	508	837
– *Market share*	*99.9%*	*100.0%*	*100.0%*	*99.7%*	*99.4%*	*98.9%*	*0.1%*	*0.0%*	*0.0%*	*0.3%*	*0.6%*	*1.1%*

Source: Company, Emkay Research

Exhibit 80: Key regulatory changes

Date / Period	Regulation Change	Summary	Implementation Date
May-23	Investor Protection and Services Funds	SEBI issued comprehensive guidelines for the Investor Protection Fund and Investor Services Fund at exchanges and depositories, aimed at improving transparency, governance and safeguards for retail investors.	29-Jun-23
Aug-23	Faster IPO Listing	Share listing timeline for public issues reduced from T+6 to T+3 days, improving efficiency and investor access to primary markets.	09-Aug-23
Jan-24	Short Selling Framework	Institutional investors required to disclose short sales upfront, while retail investors must report trades by end of day. Brokers to submit scrip-wise short-sale data daily and exchanges to publish consolidated data weekly.	Jan-24
May-24	Regulatory Fee Based on Notional Turnover	BSE was required to calculate its regulatory fee to SEBI based on notional turnover of options rather than premium turnover, materially increasing the scale of the fee liability.	26-Apr-24
May-24	Dynamic Price Bands in Equity Derivatives	Tighter price-band mechanisms introduced for equity derivatives, with dynamic adjustments based on volatility to contain abrupt price movements and improve orderly trading.	24-May-24
Jul-24	Market Infrastructure Institutions (MIIs) Charges Structure	MIIs were directed to adopt a "True to Label" principle, replacing slab-wise pricing with uniform per-unit charges and requiring charges to clients to match charges received by MIIs.	01-Oct-24
Aug-24	Eligibility Criteria for Stock Derivatives	SEBI tightened eligibility criteria for stocks included in the derivatives segment by raising the inclusion thresholds.	30-Aug-24
Oct-24	Rationalization of Weekly Index Derivatives	Exchanges were directed to allow only one weekly expiry per benchmark index to curb excessive speculative activity.	20-Nov-24
Oct-24	Increased Contract Size	Minimum contract size for index derivatives increased to Rs1.5mn from the earlier Rs0.5–1.0mn range, increasing the notional exposure per contract.	21-Nov-24
Oct-24	Increase in Tail Risk Coverage on Options Expiry Day	A 2% Extreme Loss Margin (ELM) was introduced on open short-option positions on expiry day to cover tail risks from sudden volatility spikes.	20-Nov-24
Oct-24	Upfront Premium Collection	Brokers are required to collect the full option premium upfront, reducing excessive intraday leverage available to option buyers.	01-Feb-25
Oct-24	No Calendar Spread	The margin concession for calendar spreads was removed where both contracts expired on the same day. This step was aimed at curbing expiry-day speculation and preventing traders from using spreads to gain excessive leverage.	10-Feb-25
Oct-24	Intraday Position Monitoring	Exchanges are required to monitor intraday position limits in equity index derivatives multiple times during the day to identify abnormal position build-ups and strengthen risk management.	01-Apr-25
May-25	Fixed Expiry Days	Weekly index options restricted to Tuesdays or Thursdays, with monthly contracts expiring in the last week on either day. NSE opted for Tuesday.	01-Sep-25
May-25	MWPL Linked to Cash Volume & Free Float	Market-wide position limit (MWPL) set as the lower of 15% of a stock's free-float market capitalization or 65x its average daily cash-market volume, aligning derivatives activity with underlying liquidity.	01-Oct-25
May-25	Higher Position Limits for Index Derivatives	Position limits for index derivatives enhanced, with index options permitted up to Rs100bn gross and index futures above Rs5bn, subject to stricter monitoring.	1-Jul-25 to 6-Dec-25
May-25	Intraday MWPL Monitoring	Clearing corporations required to monitor MWPL utilization at least four times a day. Breaches could trigger Additional Surveillance Measures (ASM) or other surveillance checks.	03-Nov-25
Aug-25	Pre-open Session for F&O	Pre-open session introduced for current-month futures and next-month contracts during rollover week to improve price discovery and align F&O trading with the cash market.	06-Dec-25
Sep-25	Higher Intraday Limits for Index Options	Higher intraday limits reintroduced for index options. Trading entities can take net intraday positions up to Rs50bn and gross positions up to Rs100bn, subject to exchange checks at least four times a day.	01-Oct-25
Feb-26 (Budget 2026)	STT Hike on F&O	Securities transaction tax increased: futures 0.02% → 0.05%; options premium 0.10% → 0.15%; options exercise 0.125% → 0.15%. Cash/intraday rates unchanged.	01-Apr-26
Aug-26	Implementation of CAS		03-Aug-26

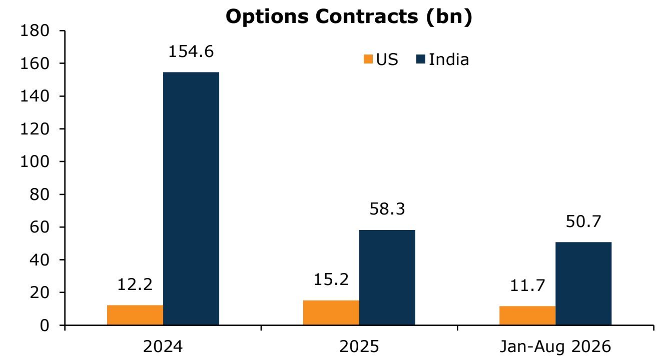
Source: SEBI, Emkay Research

Global comparison of exchanges

India leads on activity but trails on value

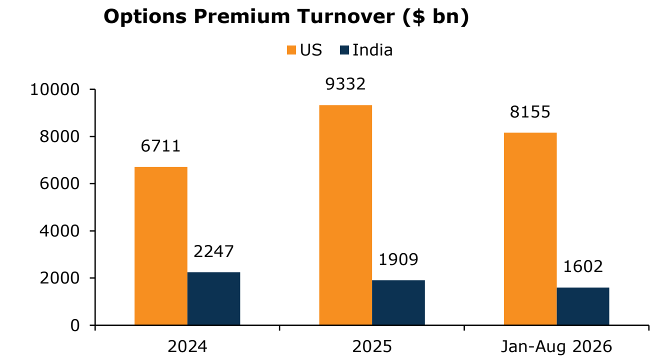
Basis the World Federation of Exchanges (WFE) data, NSE was the largest multi-asset exchange globally in FY26 by the number of cash equity trades and by equity derivative contracts trades, with a ~51% share of global equity derivates contracts and ~11% of cash equity trades. That ranking reflects the transaction count, not transaction value. Measured by premium turnover, the base on which exchanges actually earn revenue, India is roughly one-fifth the size of the US, at ~$1.9trn as against $9.3trn in CY25, while trading 58.3bn option contracts as against the US's 15.2bn.

Exhibit 81: While India's options contracts are ~4x that of US…



Source: NSE Pulse, Emkay Research

Exhibit 82: …its options premium turnover remains 1/5th of the US



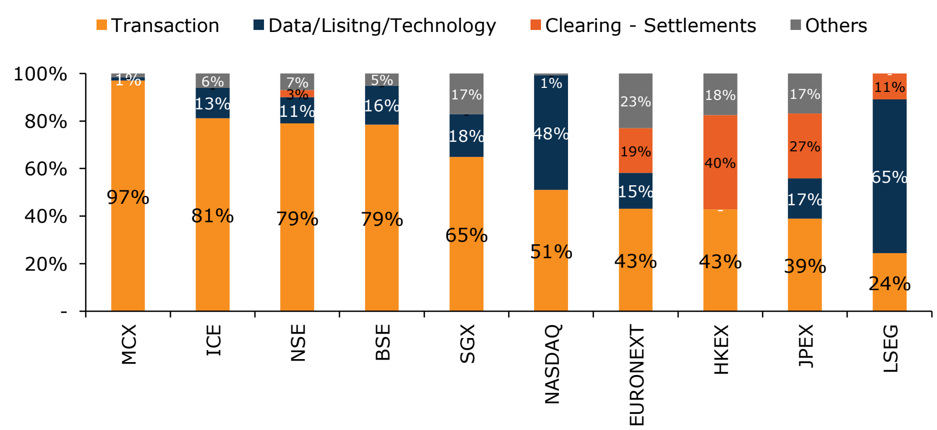
Source: NSE Pulse, Emkay Research

Revenue mix: Indian exchanges are outliers on derivatives concentration

Transaction charges account for ~79% of operating revenue at both NSE and BSE, and 97% at MCX. Among global peers, the range is far wider—ICE around 81%, SGX 65%, NASDAQ 51%, EURONEXT 43%, HKEX 43% and LSEG only 24%, with the balance coming from data, technology, index, clearing, and listing businesses. Within transaction revenue, the divergence is sharper still: equity derivatives contribute over 80% to transaction revenue at NSE and BSE, a concentration matched only by Cboe among large global venues.

This is the single most important structural difference. Global exchange groups have spent two decades deliberately diluting their dependence on volume-linked execution revenue; Indian exchanges have moved in the opposite direction as the options market scaled. It explains both the sector's superior growth and its higher sensitivity to a single regulatory lever.

Exhibit 83: Revenue mix of NSE vs Global exchanges



Source: Annual reports of respective global exchanges as of 2025, Company, Emkay Research

Data and technology gap – the clearest headroom

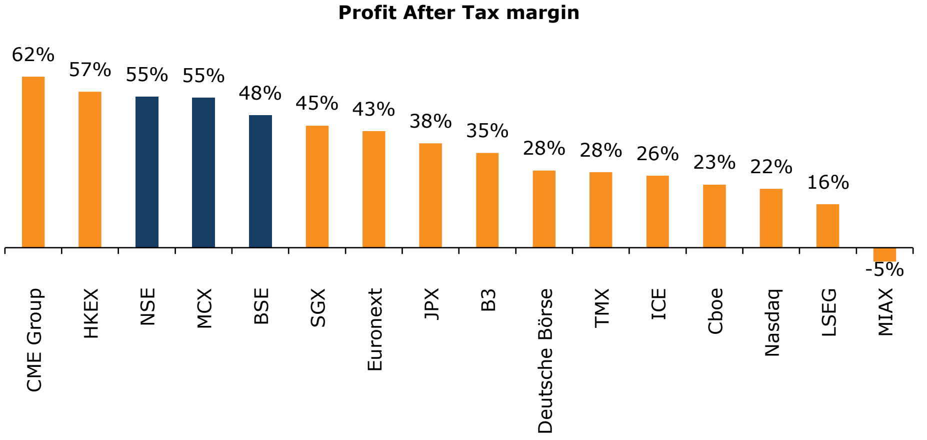
Data, technology, and connectivity revenues accounted for ~13% of NSE's FY26 operating revenue, against 20-30% for global exchange groups, where market data, analytics, index licensing, and connectivity have become the principal source of recurring, high-multiple earnings. NSE's colocation footprint has scaled quickly, with 934 full-rack equivalents at end-FY24 to 1,868 by Jun-26, but the monetization intensity remains well below that of peers.

Margins: Indian exchanges sit at the top of the global distribution

NSE recorded the highest adjusted operating EBITDA margin in FY26, at 75.5%, against a peer range that extends down to single digits, with a PAT margin of 55.1%, among the highest of the group. BSE and MCX are also comfortably above the global median at 64% and 72%, respectively, on an ex-SGF basis.

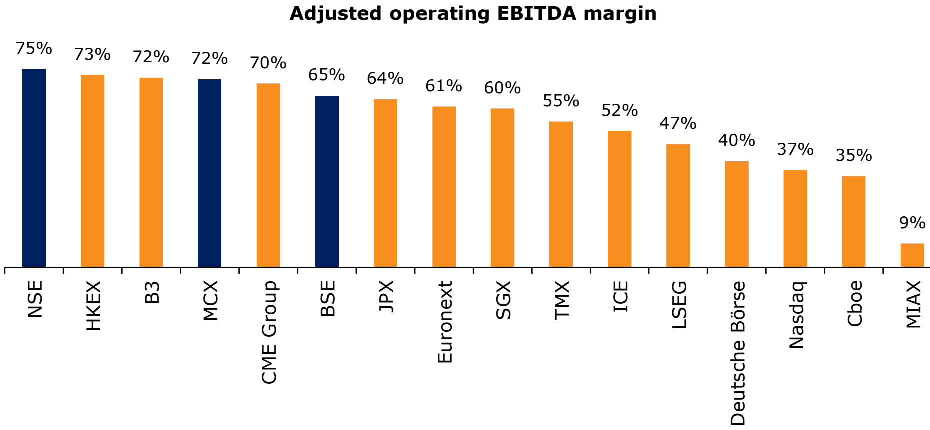
The driver is cost structure rather than pricing. NSE's employee costs were 4.8% of revenue against 14-27% for global peers, and its non-volume-linked expenses were 22.73% of revenue, among the lowest in the set. This reflects both India's labor cost base and the fact that NSE has not built out the labor-intensive data, index, and analytics businesses that global exchanges have acquired.

Exhibit 84: PAT margin of NSE vs global peers



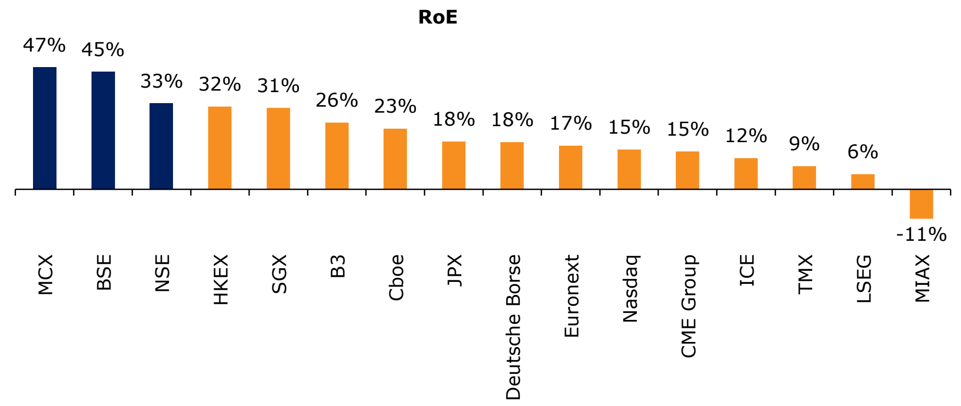
Source: DRHP, Emkay Research

Exhibit 85: Adjusted EBITDA margin of NSE vs global peers



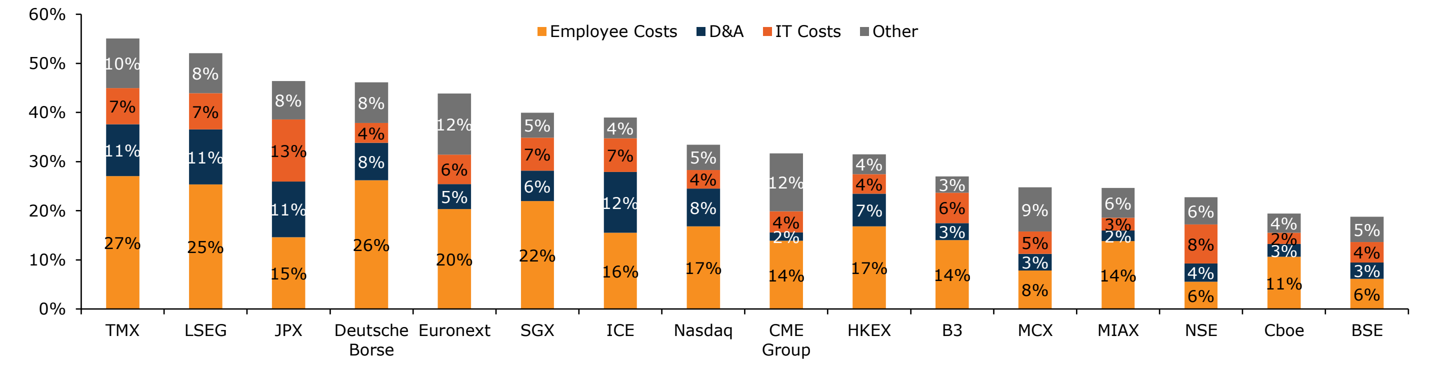
Source: DRHP, Emkay Research

Exhibit 86: ROE of NSE vs global peers



Source: DRHP, Emkay Research

Exhibit 87: NSE has an optimized cost structure compared to peers

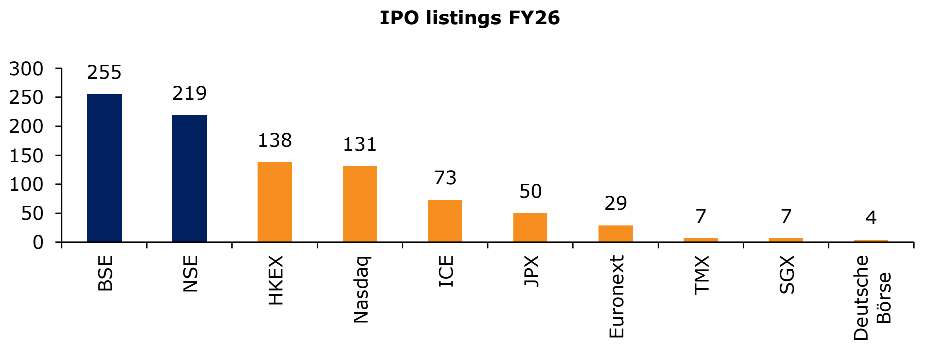


Source: NSE DRHP, Emkay Research

Growth: Organic in India, acquired elsewhere

NSE's total income compounded at 20.51% over FY22-26, placing it among the top three in the global peer group. What distinguishes the growth is its source. The large global exchanges have relied heavily on M&A to build scale and diversify. Examples include ICE's acquisitions of NYSE, IDC, and Black Knight; LSEG's purchase of Refinitiv; Nasdaq's Adenza deal; and CME's NEX transaction. In contrast, NSE has made no material acquisition.

Exhibit 88: IPO listing numbers of NSE vs global peers



Source: DRHP, Emkay Research

Organic growth of this magnitude is rarer and, in principle, higher quality: it carries no integration risk and no goodwill. It is also, however, entirely a function of one market's volume cycle, whereas the acquisitive model has produced revenue streams that are geographically and structurally diversified.

Vertical integration is an Indian structural advantage

Indian exchanges own their clearing corporations, which most developed markets do not. In the US, equities clear through Depository Trust & Clearing Corporation (DTCC) and listed options through Options Clearing Corporation (OCC) – both industry utilities. In Europe, clearing is largely unbundled and contestable. Meanwhile, NSE Clearing held 88.4% of cash-market and 91.0% of equity-derivatives cleared value in FY26, which both lowers NSE's external clearing cost to ~1% of revenue (against ~6% for BSE) and captures clearing economics on competitors' execution flow under interoperability.

This is a genuine economic advantage that peer margin comparisons partly capture but peer multiple comparisons generally do not.

Listing monetization is materially below global norms

Redseer explicitly flags Indian listing fees as low relative to those of comparable global peers. NSE earned Rs3.5bn of listing revenue in FY26 against Rs474trn of listed market capitalization—roughly 0.0007%—despite India ranking among the top two globally by number of IPO listings, with 108 mainboard and 111 SME IPOs on NSE in FY26. Global exchanges typically derive a far larger share of revenue from issuer services.

We do not build in fee recalibration into forecasts, but the disparity represents free optionality with no associated volume risk.

Regulatory architecture: A heavier public-interest burden

Indian exchanges operate under SEBI's SECC regulations as first-level regulators, with responsibility for member admission and supervision, market surveillance, issuer oversight, and the maintenance of investor protection and settlement guarantee funds. Public interest directors are appointed via SEBI's approval rather than by shareholders, and shareholding is capped at 5% for most holders and 15% for specified financial institutions.

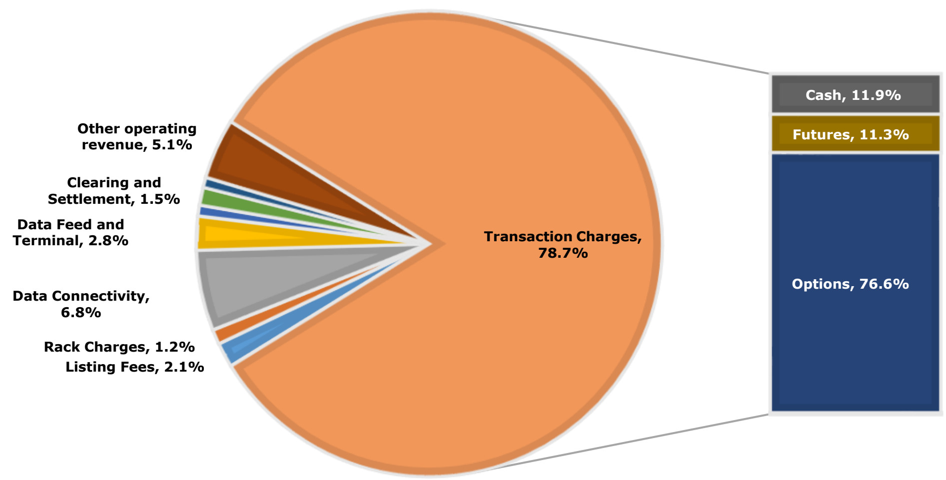
Most developed-market exchanges have long since transferred self-regulatory functions to separate bodies—FINRA in the US, for instance. The Indian model confers a stronger regulatory moat and confirms systemic importance, but imposes a public-interest obligation, a capital constraint through the Core SGF, and periodic direct intervention in pricing that global peers do not face to the same degree.

Company section

Business overview and revenue

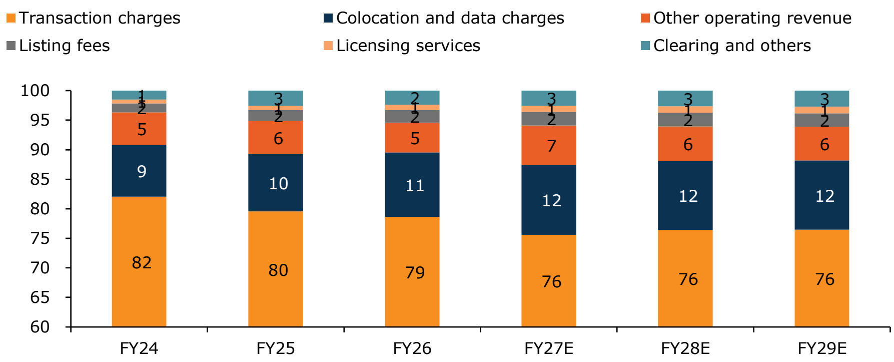
NSE has scaled rapidly, with operating revenue compounding at ~24% since FY21 to Rs166bn in FY26, yet the shape of that revenue has barely changed. Transaction charges, the fees members pay to trade, still make up ~80% of the total. The other lines have grown well, with colocation and connectivity compounding at ~18% and listing at ~26% over FY24-26, and each is steadier than trading. But they started small, and compounding from a small base takes years to shift a mix. NSE today still earns as much as it did in FY21, from volumes in one segment, priced by a regulator rather than by the exchange. The diversification is real, but it is not yet protection.

Exhibit 89: Transaction charges dominate the revenue mix



Source: Company, Emkay Research

Exhibit 90: While transaction charges form a significant portion of NSE's revenue pie, colocation, data, and listing services are new avenues of diversification



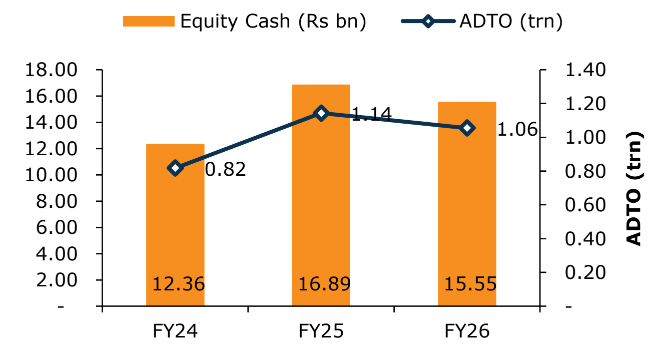
Source: Company, Emkay Research

Transaction charges

Cash

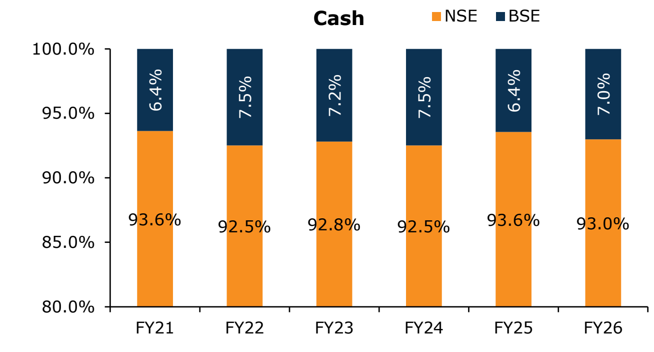
Being the largest stock exchange in terms of number of trades in cash equities in FY26, NSE retains its position as market leader, commanding a ~93% share of domestic cash turnover. Cash ADTO growing to Rs1.06trn in FY26 from Rs0.620trn in FY21 reflects the depth and liquidity of an order book. Transaction charges from the cash segment forms only ~12% of the total transaction charges earned in FY26. While volumes had increased during FY25, they contracted by ~7.3% in FY26, driven by FII outflows, tariffs, and uncertainty in the global market owing to the US-Iran crisis. We see this segment as a sticky source of income and as a cash cow for NSE showing its leadership position and resilience.

Exhibit 91: Cash revenue clocked 2-year CAGR of ~19%



Source: Company, Emkay Research

Exhibit 92: NSE maintains dominant market share



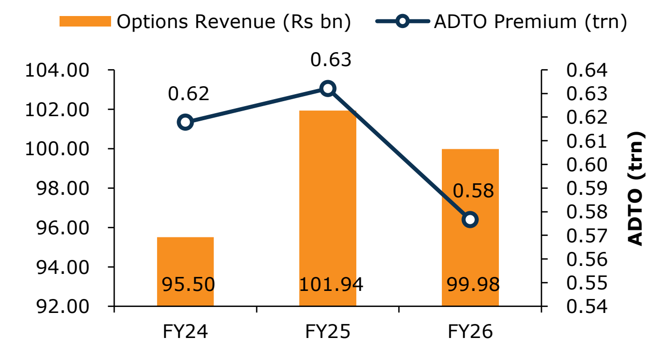
Source: Company, Emkay Research

Options

Index options remain the center of gravity for exchanges' earnings model. NSE's options segment contributed Rs99bn in FY26, equivalent to ~80% of transaction charges and 60% of total revenue from operations. Premium ADTO in the segment compounded at 9% over FY24-26, though FY26 marked the first break in that trend, with an 8.8% decline, as tighter regulatory changes, reduced leverage availability, and the exit of a cohort of active participants together compressed activity.

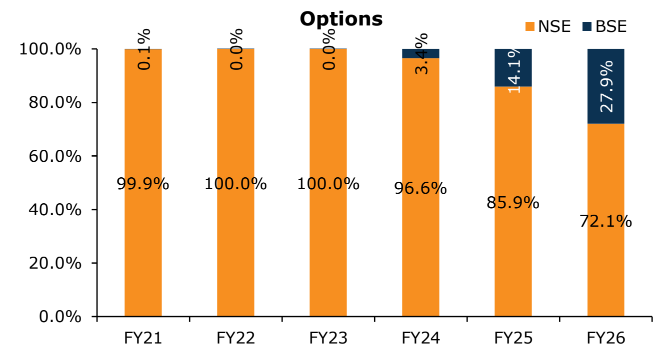
NSE continues to lead the segment, but BSE has taken share steadily and now accounts for ~35% of premium turnover. We expect market share of BSE to plateau from FY27-end and normalize going forward. BSE charges Rs325 per Rs1mn against NSE's Rs355.30, a discount of under 9%, which is too narrow to explain a share move of this magnitude and points instead to expiry-day positioning as the driver. We would flag that the earnings sensitivity to this single segment is the most important risk in the story.

Exhibit 93: Options revenue saw 2-year CAGR of ~9%



Source: Company, Emkay Research

Exhibit 94: NSE's options premium market share has been under pressure, but is expected to plateau

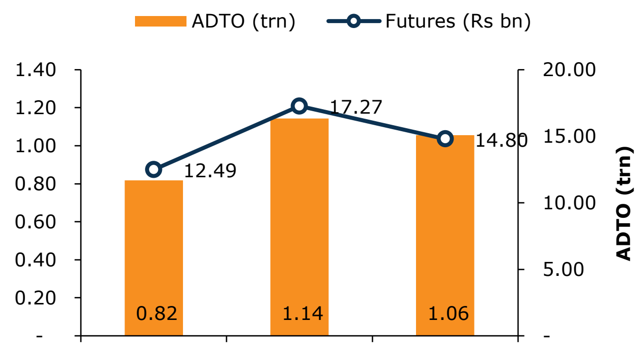


Source: Company, Emkay Research

Futures

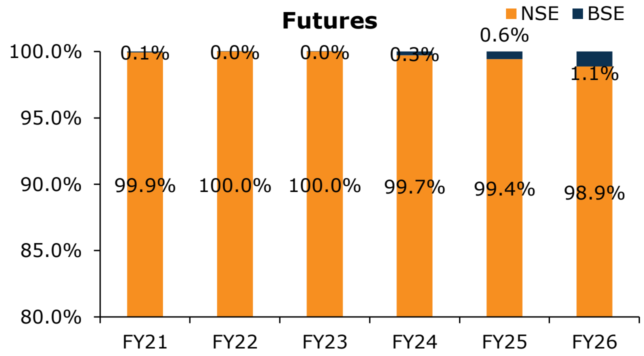
Futures segment contributes ~11% to transaction charges, amounting to Rs14bn. NSE being the undisputed leader in this segment commands ~100% market share, with ADTO of Rs1.6trn in FY26, declining by ~14.3%.

Exhibit 95: Futures revenue saw 2-year CAGR of ~9%



Source: Company, Emkay Research

Exhibit 96: NSE maintains dominant market share

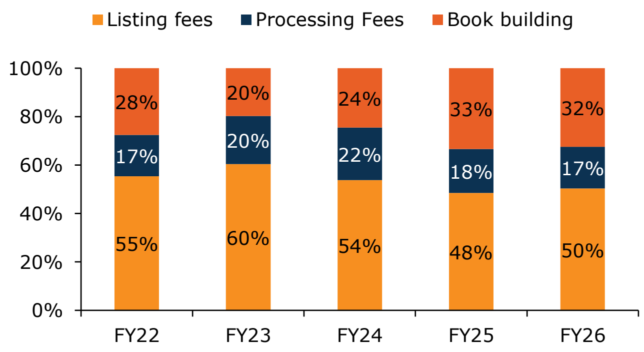


Source: Company, Emkay Research

Listing fees

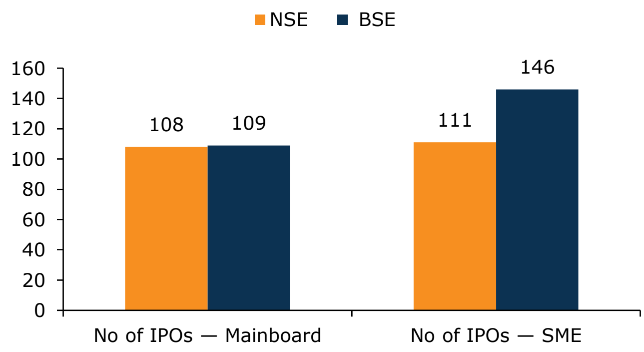
Companies listing on NSE pay twice. First at the time of listing, through initial listing fees based on paid-up capital along with book building and processing fees linked to the size of the issue. Then, an annual fee is paid every year, for as long as they remain listed. The annual fee is the bigger pool, which makes this a steadier business than the IPO cycle would suggest. FY26 added 219 new companies—108 mainboard and 111 SME—raising Rs4.78trn and beating BSE by ~23% on the equity amount raised. At Rs3.5bn in FY26, the segment is just 2% of operating revenue, but it has compounded at ~19% over FY21-26. Also, each new listing permanently widens the base it earns from. Redseer's observation that Indian listing fees remain "considerably lower relative to comparable global peers" is the interesting part. Listing income of Rs3.5bn against Rs474trn of listed market capitalization is an extraordinarily thin monetization of the issuer relationship.

Exhibit 97: Breakdown of listing fees of NSE



Source: Company, Emkay Research

Exhibit 98: Number of IPOs in FY26 – NSE vs BSE

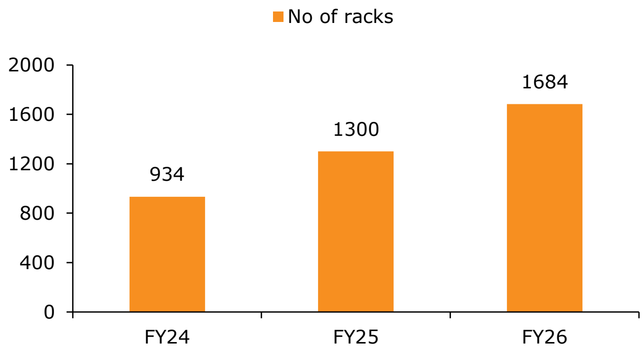


Source: Company, Emkay Research

Colocation incomes

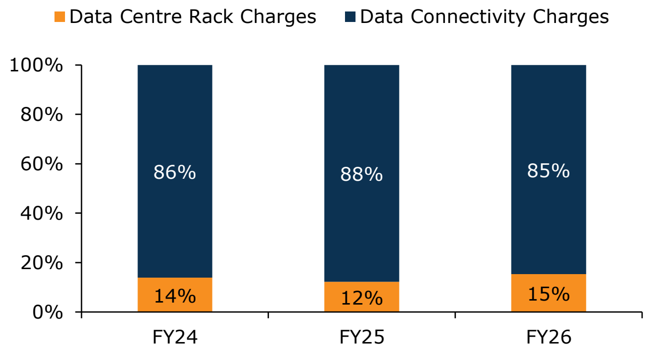
For fast traders, being physically closer to the exchange's trading system means orders reach it quicker, and NSE charges for that access. It currently offers 1,680 racks that can hold over 12,000 member servers, with 1,868 available by Jun-26 and management guiding for another 1,800+ additions in racks. Further, it offers 'Colocation as a Service' for smaller members who cannot afford a full rack. Members also pay a subscription to connect to the trading system as data connectivity charges. The income is steady, as members keep paying once their servers are in place whether they trade actively or not. It has grown at ~18% pa over two years to Rs18bn from Rs12.9bn, and now makes up ~8% of operating revenue and these data connectivity charges form 85% of co-location income.

Exhibit 99: Number of data racks have increased



Source: Company, Emkay Research

Exhibit 100: Co-location income breakup of NSE

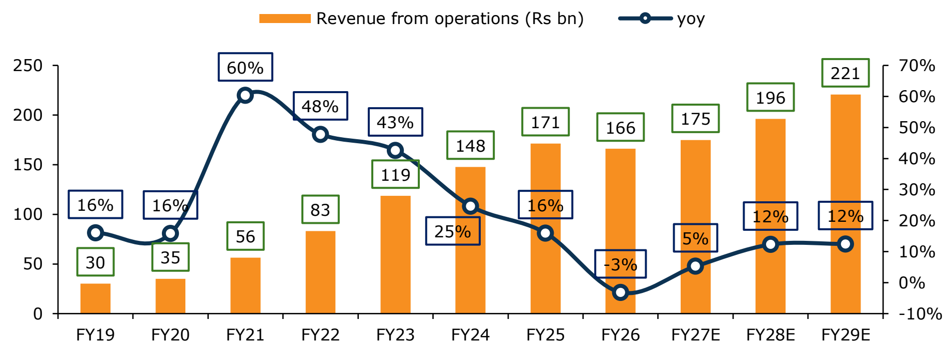


Source: Company, Emkay Research

Data feed, clearing and settlement, and other charges

Market data, sold through NSE's wholly owned subsidiary Cogencis to aggregators, research firms, AMCs, algo traders, and the media, contributes ~3% to operating revenue and is growing quickly. Clearing and settlement adds ~1.5%, reflecting the consolidation of NCL, which NSE owns fully, just as BSE owns ICCL. Interoperability now lets members clear through either corporation regardless of where the trade was executed.

Exhibit 101: Revenue growth

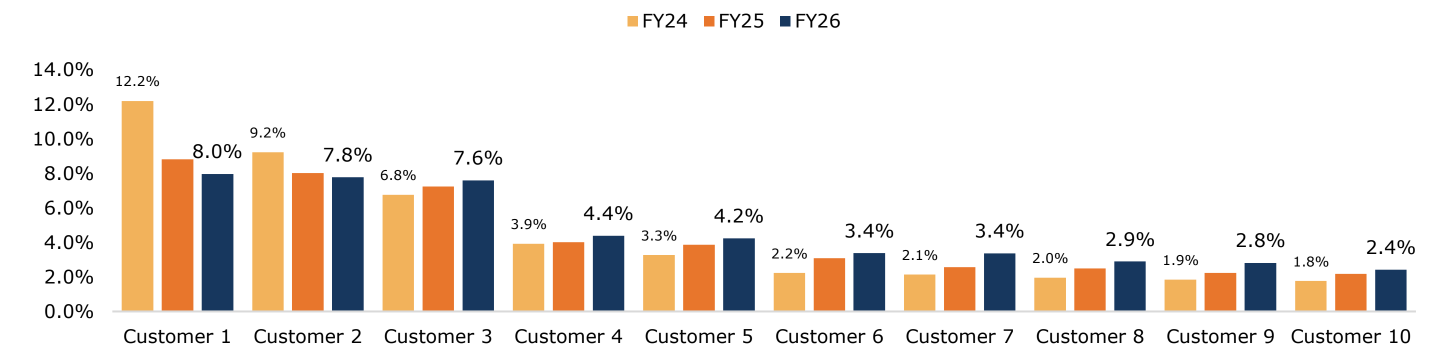


Source: Company, Emkay Research

Concentration of revenue

The story in NSE's client table is not the one the headline tells. Top 10 trading members contributed 46.78% to revenue in FY26 against 44.48% in FY25 and 45.26% in FY24. But that rise is arithmetic rather than structural, as top-10 revenue grew 1.9%, while implied total revenue contracted 3.1%. Look beneath it and the concentration is quietly unwinding: the top three members' share has compressed from 28.2% in FY24 to 23.3% in FY26, even as the share for members four through ten expanded from 17.1% to 23.5%.

Exhibit 102: Concentration of brokers revenue moderated from FY24 to FY26

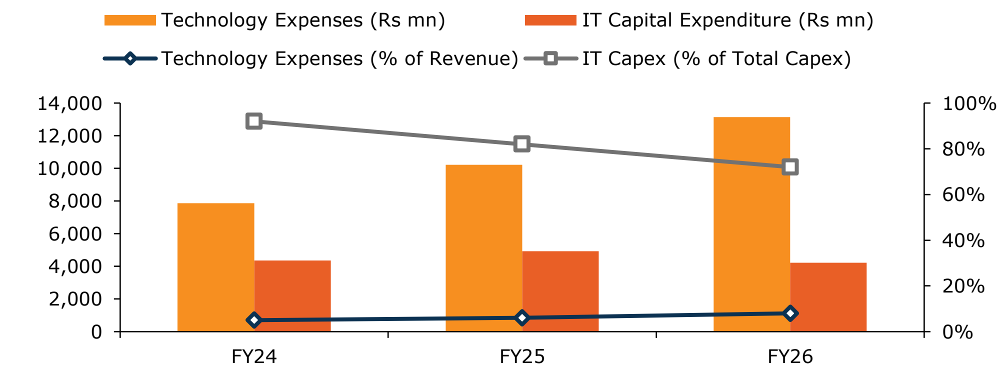


Source: Company, Emkay Research

Technology expenses form a sizeable portion of overall expenses

NSE’s higher technology spending reflects investments to support the rapid growth in market activity, rather than rising costs alone. IT capex has been broadly steady at Rs4,100–4,800mn, while colocation capacity nearly doubled from 934 racks in FY24 to 1,680 in FY26. Technology opex increased 65% to Rs13,146mn, driven by investments in digital platforms, AI, and surveillance. With technology costs still at a low-single-digit share of revenue, business growth continues to outpace technology spending. Continued growth in trading activity should drive further investments in technology and capacity, while operating leverage is likely to keep technology costs growing slower than revenue.

Exhibit 103: NSE’s technology-led opex and capex



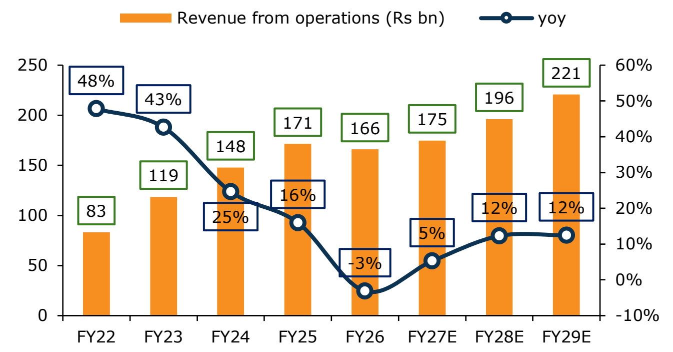
Source: Company, Emkay Research

Financial overview

India's capital markets are being driven by a structural migration of household savings from physical assets into market-linked instruments, aided by digital onboarding, sticky SIP flows, and adoption beyond the top cities. With equity penetration still low, the runway is multi-decade rather than cyclical. We can see this macro tailwind converting into the financials of NSE with cash turnover compounding in the high teens over the medium term.

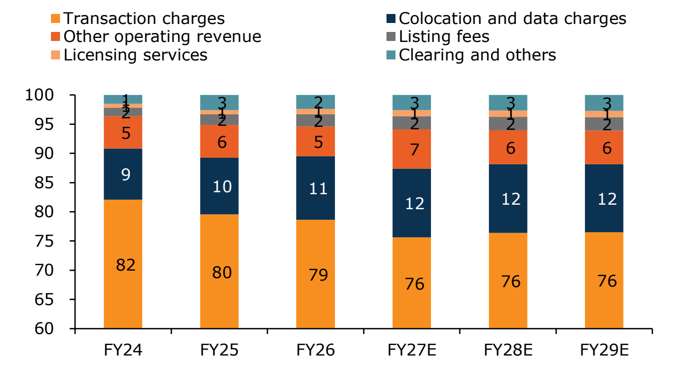
NSE's financial moat extends well beyond its asset-light model and operating leverage. It shows up in a high and stable EBITDA margin of ~70%, a revenue mix where ~90% of total income is operating in nature and diversified across income streams that growing, with concentration on transaction revenue. Core profitability proved its resilience in FY26, absorbing a one-off Rs13.91bn provision toward the colocation settlement and still printing a ~60% PAT margin. The balance sheet is equally strong with cash-generating position and a clearing arm running a Rs130.79bn core SGF. We build in ~11% operating revenue CAGR over FY26-29E, with EBITDA margin steady at ~75% and ROE sustaining at ~33%.

Exhibit 104: We expect ~11% revenue CAGR over FY26-29E



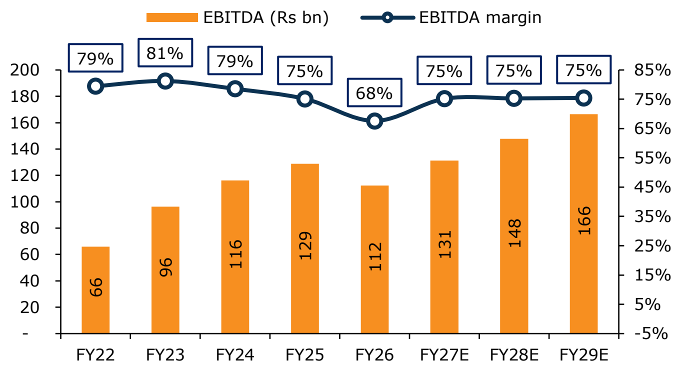
Source: Company, Emkay Research

Exhibit 105: Transaction charges dominate the revenue mix, while diversification to other revenue streams continues



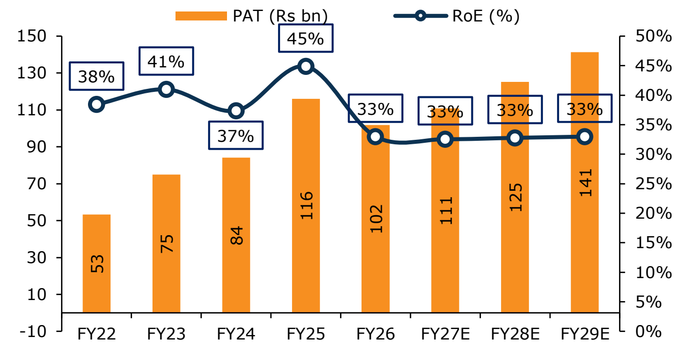
Source: Company, Emkay Research

Exhibit 106: EBITDA margin expected to trend in the ~75% range



Source: Company, Emkay Research

Exhibit 107: PAT expected to grow to Rs141bn; ROE to be broadly stable



Source: Company, Emkay Research

Legal and litigation

Co-location case

SEBI started probing NSE in early-CY15 over alleged preferential access to tick-by-tick data at its colocation facility. Enforcement action in 2019 was set aside by SAT and then sat before the Supreme Court for years, becoming the main obstacle to the exchange's listing. NSE settled by paying Rs14,912mn on 31-Jul-26, the largest settlement SEBI has ever accepted.

Status: The Supreme Court disposed of the appeals on 18-Sep-26, closing a decade-old matter.

Provisioning: Rs13,912mn in FY26 accounts, plus Rs1,000mn adjusted in FY23.

Dark-fiber case

The dark fiber matter concerned unauthorized high-speed links laid between NSE and BSE by a third-party vendor that lacked the required licenses and exchange approval. Certain brokers used them to receive market data faster, breaching NSE's rule that connectivity must run only through approved providers. SEBI's Apr-19 order directed disgorgement of Rs626mn excluding interest, holding NSE responsible for failing to detect the arrangement rather than granting it. NSE settled for Rs2,676mn, paid on 31-Jul-26, and the Supreme Court disposed of the appeals on 3-Sep-26.

Status: Substantively closed, one procedural step outstanding.

Trading Access Point

TAP was software provided by NSE to members to route orders into its trading system, live from CY08 to CY19. SEBI's Feb-23 notice alleged that members bypassed it to push algorithmic orders above entitlement, and that NSE failed to prevent or escalate it. The exchange settled in Oct-24 for Rs6,430mn, covering itself and eight individuals including the then MD and CEO. The amount was calculated on revenue earned from TAP subscriptions. Closed, on consent and without admission of guilt.

Status: 4-Oct-24, final settlement order published, closed.

Provisioning: NSE paid in full Rs6,430.5mn.

MSEI–CCI predatory pricing matter (currency derivatives)

MSEI (erstwhile MCX-SX) complained to the CCI that NSE abused its dominant position through predatory pricing in the then-nascent currency derivatives segment. The CCI held NSE dominant in Jun-11 and levied a Rs555mn penalty (5% of average turnover), upheld by COMPAT in Aug-14; relying on that order, MSEI filed a separate Rs8,570mn compensation claim, since transferred to the NCLAT.

Provisioning: No provision made, backed by external legal opinion that it has strong grounds on appeal and an adverse outcome is not probable.

Status: Pleadings are complete and both await final hearing.

Exhibit 108: Contingent liability as of 31-Mar-26

Category / Particulars	Amount (Rs mn)	Description and Details
Disputed Income Tax Demands	8,668	Direct tax demands under appeal before various tax authorities.
Corporate Guarantee for NSEICC Facility	4,733	Corporate guarantee provided to Standard Chartered Bank for bank guarantee facilities availed by NSE IFSC Clearing Corporation Limited.
Disputed Service Tax Demands (including penalties)	1,604	Indirect tax demands pending before appellate forums.
Claims against the Group not Acknowledged as Debts	325	Miscellaneous civil claims pending against NSE and its group entities.
Group's Share of Disputed Demands in Associates	189	Statutory tax demands at the associate company level.
Disputed Goods & Services Tax (GST) Demands	51	GST demands under dispute before tax authorities.
Group's Share of Associate Bank Guarantees	1	Bank guarantees issued by associate entities.
Total Active Financial Contingent Liabilities	**15,570**	

Source: Company, Emkay Research, Excludes stayed legal claims and reclassified as provisions

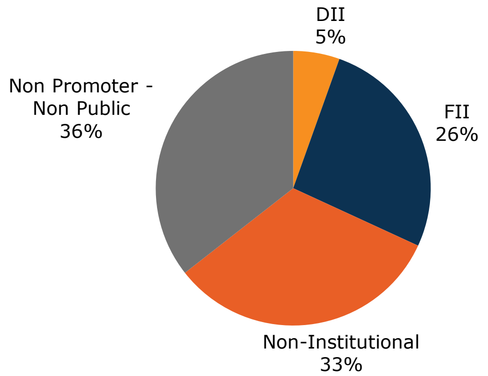
Exhibit 109: Key Managerial Persons

Name	Designation	Brief Background / Role
Shri Ashishkumar Chauhan	Managing Director and CEO	IIT Bombay and IIM Calcutta alumnus; former MD and CEO of BSE and Vice President of NSE
Shri Viral Mody	Executive Director – Vertical 1 (Critical Operations)	Oversees critical operations and systems integration; has previously worked with NSEIT, TCS, and Wipro
Shri Sanjay Shorey	Executive Director – Vertical 2 (Regulatory, Compliance, Risk Management & Investor Grievances)	Former senior member of Indian Company Law Service and Ministry of Corporate Affairs official; oversees regulatory and compliance functions
Shri Sriram Krishnan	Chief Business Development Officer	CA and ICWA; responsible for business development and product initiatives; former MD at Deutsche Bank
Shri Ian Desouza	Chief Financial Officer	CA and Cost Accountant; former CFO at Bank of Baroda, Bajaj Finance, and IMGC
Shri Somasundaram K S	Chief Enterprise Risk Officer	BITS Pilani and IIM Bangalore alumnus; former executive at Citibank and Yes Bank; heads enterprise risk management
Shri Piyush Chourasia	Chief Regulatory Officer and Compliance Officer	IIT Nagpur and IIM Ahmedabad alumnus; former Compliance Officer and CRO at NSE Clearing Limited
Shri Mayur Sindhwad	Chief Technology Officer – Operations	CS and Cost Accountant; leads technology operations; previously worked with CCIL, TCS, and Edelweiss
Shri Rajesh Thapar	Chief Information Security Officer	MTech (IT); heads information and cyber security; former Executive VP at Axis Bank and CISO at Yes Bank
Shri Sampath Manickam	Chief Technology Officer – Technology Infrastructure	Oversees technology infrastructure; former Senior VP at Jio Platforms and technology leader at Wipro

Source: Company, Emkay Research

Shareholding pattern

Exhibit 110: Shareholding pattern of NSE (pre-offer)



Source: Company, Emkay Research

Exhibit 111: List of subsidiaries of NSE

Name of Subsidiary	Category	Primary Activity	Stake / Holding	FY26 Total Income (Rs mn)	FY26 Profit / (Loss) After Tax (Rs mn)
NSE Clearing (NCL)	Direct Subsidiary	Clearing and settlement services for securities, derivatives, debt, and commodities	99.99%	20,425.60	10,446.50
NSE Investments	Direct Subsidiary	Core investment company / holding company investing in group entities	99.99%	3,353.99	2,915.58
NSE IFSC (NSEIX)	Direct Subsidiary	Operating an international stock exchange in GIFT City IFSC	99.99%	1,411.85	94.86
NSE Administration and Supervision (NASL)	Direct Subsidiary	Administration and supervision of research analysts and trade data sharing with AMCs	99.99%	70.25	15.16
NSE Foundation	Direct Subsidiary (Sec. 8)	Carrying out corporate social responsibility (CSR) initiatives	76.00%	626.7	(124.74)
NSE Data & Analytics (NSE DAL)	Indirect Subsidiary	Data feed services, market data analytics, and digital portals	100.00%	4,052.85	1,640.98
NSE Indices	Indirect Subsidiary	Development, computation, maintenance, and licensing of indices (Nifty brand)	100.00%	1,855.05	1,021.56
Cogencis Information Services	Indirect Subsidiary	News, real-time market data, and Cogencis Workstation terminals	100.00%	1,089.99	172.14
NSE IFSC Clearing Corporation (NSEICC)	Indirect Subsidiary	Clearing corporation services in GIFT City IFSC	100.00%	271.09	13.45
NAL Academy (formerly NSE Academy)	Indirect Subsidiary	Financial literacy, education, certification, and training programs	100.00%	129.36	31.03
NSE Sustainability Ratings & Analytics (NSRAL)	Indirect Subsidiary	Category-I SEBI registered ESG rating provider and analytics services	100.00%	7.1	(25.97)
NSEIX Global Access IFSC (NSEIXGA)	Indirect Subsidiary	Global access provider in GIFT City IFSC for overseas market investments	100.00%	1.08	(6.72)
NSE Infotech Services	Indirect Subsidiary	IT support services; operations ceased and currently under voluntary liquidation	100.00%	NA (Under Liquidation)	NA (Under Liquidation)

Source: Company, Emkay Research

Exhibit 112: List of associates of NSE

Name of Associate Company	Primary Business Activity	NSE Stake / Holding (%)
National Securities Depository (NSDL)	Depository services for equity, debt, and securities	15.00%
Receivables Exchange of India (RXIL)	Operating an online TReDS platform for MSME trade receivables financing	30.00%
Indian Gas Exchange (IGX)	Operating a natural gas trading exchange platform	25.00%
Power Exchange India (PXIL)	Power exchange and electricity trading facility	25.00%
India International Bullion Holding IFSC (IIBH)	Holding company operating the Bullion Exchange (IIBX) in GIFT City	20.00%
Market Simplified India (MSIL)	Financial software products, mobility solutions, and trading software	21.06%
Capital Quant Solutions Private (CQS)	AI/NLP data extraction and cognitive processing software solutions	19.00%
BFSI Sector Skill Council of India (BFSI Skill)	Skill development and training programs across the financial sector (Sec 8 entity)	49.00%

Source: Company, Emkay Research

National Stock Exchange: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**171,407**	**166,013**	**174,740**	**196,197**	**220,633**
Revenue growth (%)	16.0	(3.1)	5.3	12.3	12.5
EBITDA	**128,810**	**112,249**	**131,341**	**147,743**	**166,484**
EBITDA growth (%)	10.9	(12.9)	17.0	12.5	12.7
Depreciation & Amortization	5,466	6,235	6,274	6,327	6,528
EBIT	**123,344**	**106,014**	**125,066**	**141,416**	**159,955**
EBIT growth (%)	10.4	(14.0)	18.0	13.1	13.1
Other operating income	-	-	-	-	-
Other income	20,362	21,121	22,144	24,801	27,777
Financial expense	0	0	0	0	0
PBT	**154,748**	**138,956**	**147,761**	**166,825**	**188,382**
Extraordinary items	5,819	1,225	0	0	0
Taxes	38,690	37,161	36,940	41,706	47,095
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**121,877**	**103,021**	**110,821**	**125,119**	**141,286**
PAT growth (%)	46.7	(15.5)	7.6	12.9	12.9
Adjusted PAT	**116,057**	**101,795**	**110,821**	**125,119**	**141,286**
Diluted EPS (Rs)	**49.2**	**41.1**	**44.8**	**50.6**	**57.1**
Diluted EPS growth (%)	46.7	(16.5)	8.9	12.9	12.9
DPS (Rs)	**18.0**	**35.0**	**29.1**	**32.9**	**37.1**
Dividend payout (%)	**36.5**	**84.1**	**65.0**	**65.0**	**65.0**
EBITDA margin (%)	75.1	67.6	75.2	75.3	75.5
EBIT margin (%)	72.0	63.9	71.6	72.1	72.5
Effective tax rate (%)	25.0	26.7	25.0	25.0	25.0
NOPLAT (pre-IndAS)	**92,505**	**77,663**	**93,800**	**106,062**	**119,967**
Shares outstanding (mn)	2,475	2,475	2,475	2,475	2,475

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	2,475	2,475	2,475	2,475	2,475
Reserves & Surplus	301,058	318,660	357,448	401,239	450,690
Net worth	**303,533**	**321,135**	**359,923**	**403,714**	**453,165**
Minority interests	0	0	0	0	0
Non-current liab. & prov.	2,462	2,240	2,240	2,240	2,240
Total debt	**0**	**0**	**0**	**0**	**0**
Total liabilities & equity	**313,039**	**330,985**	**369,611**	**413,854**	**463,781**
Net tangible fixed assets	11,204	11,928	12,429	13,146	14,050
Net intangible assets	2,548	2,502	2,511	2,434	2,400
Net ROU assets	5,308	4,211	3,385	2,761	2,294
Capital WIP	507	2,232	2,455	2,700	2,970
Goodwill	-	-	-	-	-
Investments [JV/Associates]	164,831	175,705	196,789	220,404	246,853
Cash & equivalents	**275,142**	**472,449**	**435,178**	**475,897**	**522,439**
Current assets (ex-cash)	45,384	51,908	56,694	61,017	65,885
Current Liab. & Prov.	381,622	548,206	514,773	558,029	607,335
NWC (ex-cash)	**(336,238)**	**(496,298)**	**(458,079)**	**(497,013)**	**(541,450)**
Total assets	**313,039**	**330,985**	**369,611**	**413,854**	**463,781**
Net debt	(275,142)	(472,449)	(435,178)	(475,897)	(522,439)
Capital employed	313,039	330,985	369,611	413,854	463,781
Invested capital					
BVPS (Rs)	122.6	129.8	145.4	163.1	183.1
Net Debt/Equity (x)	(0.9)	(1.5)	(1.2)	(1.2)	(1.2)
Net Debt/EBITDA (x)	(2.1)	(4.2)	(3.3)	(3.2)	(3.1)
Interest coverage (x)	0	0	0	0	0
RoCE (%)	**52.9**	**40.7**	**43.2**	**43.5**	**43.8**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	162,080	140,253	147,761	166,825	188,382
Others (non-cash items)	(49,721)	(41,812)	(22,144)	(24,801)	(27,777)
Taxes paid	(36,528)	(32,329)	(36,519)	(41,243)	(46,586)
Change in NWC	(40,383)	166,015	(39,661)	38,020	43,457
Operating cash flow	**40,915**	**238,362**	**55,712**	**145,128**	**164,003**
Capital expenditure	(13,057)	(17,548)	(6,181)	(6,587)	(7,203)
Acquisition of business	-	-	-	-	-
Interest & dividend income	15,981	18,774	22,144	24,801	27,777
Investing cash flow	**(54,310)**	**(459)**	**(35,933)**	**(39,564)**	**(43,755)**
Equity raised/(repaid)	-	-	-	-	-
Debt raised/(repaid)	-	-	-	-	-
Payment of lease liabilities	(732)	(1,069)	0	0	0
Interest paid	(300)	(403)	0	0	0
Dividend paid (incl tax)	(44,545)	(86,617)	(72,034)	(81,327)	(91,836)
Others	(421)	0	0	0	0
Financing cash flow	**(45,998)**	**(88,089)**	**(72,034)**	**(81,327)**	**(91,836)**
Net chg in Cash	(59,392)	149,815	(52,255)	24,237	28,412
OCF	40,915	238,362	55,712	145,128	164,003
Adj. OCF (w/o NWC chg.)	81,297	72,347	95,372	107,108	120,547
FCFF	27,858	220,814	49,531	138,540	156,800
FCFE	43,839	239,588	71,675	163,342	184,578
OCF/EBITDA (%)	31.8	212.4	42.4	98.2	98.5
FCFE/PAT (%)	36.0	232.6	64.7	130.5	130.6
FCFF/NOPLAT (%)	**30.1**	**284.3**	**52.8**	**130.6**	**130.7**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	36.2	42.9	39.9	35.3	31.3
EV/CE(x)	13.6	12.3	11.1	9.8	8.6
P/B (x)	14.6	13.8	12.3	10.9	9.7
EV/Sales (x)	24.2	23.8	22.8	20.1	17.7
EV/EBITDA (x)	32.2	35.1	30.3	26.7	23.4
EV/EBIT(x)	33.6	37.2	31.8	27.9	24.4
FCFF yield (%)	0.7	5.6	1.2	3.5	4.0
FCFE yield (%)	1.0	5.4	1.6	3.7	4.2
Dividend yield (%)	1.0	2.0	1.6	1.8	2.1
DuPont-RoE split					
Net profit margin (%)	**67.7**	**61.3**	**63.4**	**63.8**	**64.0**
Total asset turnover (x)	0.6	0.5	0.5	0.5	0.5
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	42.7	32.6	32.5	32.8	33.0
DuPont-RoIC					
NOPLAT margin (%)	**54.0**	**46.8**	**53.7**	**54.1**	**54.4**
IC turnover (x)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Operating metrics					
Core NWC days	**(716.0)**	**(1,091.2)**	**(956.8)**	**(924.6)**	**(895.7)**
Total NWC days	(716.0)	(1,091.2)	(956.8)	(924.6)	(895.7)
Fixed asset turnover	**-**	**-**	**-**	**-**	**-**
Opex-to-revenue (%)	24.9	32.4	24.8	24.7	24.5

Source: Company, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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